CORPORATION FOR PUBLIC BROADCASTING AUTHORIZATION ACT OF 1999

HEARINGS

BEFORE THE

SUBCOMMITTEE ON TELECOMMUNICATIONS, TRADE, AND CONSUMER PROTECTION

OF THE

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CORPORATION FOR PUBLIC BROADCASTING AUTHORIZATION ACT OF 1999

WEDNESDAY, JUNE 30, 1999

HOUSE OF REPRESENTATIVES,
COMMITTEE ON COMMERCE,
SUBCOMMITTEE ON TELECOMMUNICATIONS, TRADE,
AND CONSUMER PROTECTION,
Washington, DC.

The subcommittee met, pursuant to notice, at 10:10 a.m. in room 2123, Rayburn House Office Building, Hon. W.J. "Billy" Tauzin (chairman) presiding.

Members present: Representatives Tauzin, Stearns, Cox, Rogan, Shimkus, Wilson, Fossella, Ehrlich, Bliley (ex officio), Markey, Eshoo, Engel, Wynn, Luther, Sawyer, Green, McCarthy, and Dingell (ex officio).

Staff present: Linda Bloss-Baum, majority counsel; Andy Levin, minority counsel; and Cliff Riccio, legislative clerk.

Mr. TAUZIN. The committee will please come to order.

Good morning. Let me begin by thanking in advance our very distinguished panel. As you can see, we assemble large panels, and our policy has always been that one big, large panel is preferable to two, because generally when we have two it's me and the panel, everybody else goes away. So this way we share some experience together.

We are honored to have such an esteemed group to testify today, actor-producer-director LeVar Burton, representing the Public Broadcasting Service. From my home State, my special welcome to Beth Courtney, a frequent visitor with us and a dear friend. She's President and CEO of Louisiana Network, on behalf of America's Public Television Stations.

We are pleased that all of you have taken the time to be with us to help educate us this morning on the important issues that affect virtually every American household, the authorization of public broadcasting. While you American public broadcasters are before the subcommittee this morning to educate us about your business, public broadcast stations are on airways across America, educating Americans on topics concerning everything from the alphabet to zoology. Since Congress passed the first Public Broadcasting Act in 1967, as an amendment to the Communications Act, Americans have enjoyed hundreds of thousands of commercial-free cultural programs from public affairs to the performing arts.

I have long been a supporter of the work you do to provide quality, clean, alternative programming that American families have come to rely upon every day. I want to assure you that you have

the ability to continue to provide this tremendous public service in the next millennium.

For this reason, I have introduced the Corporation for Public Broadcasting Authorization Act of 1999. The last time we enacted legislation authorizing the CPB, over which this committee has jurisdiction, was in 1992. The authorization expired, of course, in the fiscal year 1996. We have additional reasons to focus on this important authorization bill this year. The FCC's timetable for broadcast conversation to digital format provides that public television stations must transmit digital signals by the year 2003. Public broadcasters, simply put, need help raising the funds for this costly and complicated transition to digital television.

Last year, Congress appropriated the Corporation for Public Broadcasting $15 million, conditioned on Congress passing an authorization bill by the end of this fiscal year. It is my intent that we do just that.

And don't get me wrong, although I wholeheartedly support the funding for public broadcasting, I also support efforts to cut unnecessary programs out of our Federal budget. Clearly, this is a beginning of a process to make sure that public broadcasters receive critical resources so they can comply with the important schedule of digital roll-out and make their quality programs available to even more Americans, in fact, every day.

In addition to authorizing the CPB, my bill also funds public television facilities program. The PTFP is the only Federal capital improvement program for public broadcasting. In this day and age of questionable content on hundreds of commercial stations, it is more important than ever to assure that public broadcasters are able to continue to offer quality programming to the maximum number of listeners and viewers across the country. Enabling stations to do so with resources to keep up with digital technologies will be essential to serve the public interest.

Let me also say the bill before you today is a start of a legislative process. As many of you know, I have long explored a number of difficult and complicated reform proposals over the last few years. And while reform is very highly important to me, I think a slimmed down reauthorization is the best mechanism to move forward in the near term.

But I want to assure you that some of the ideas we put out for more and more secure public funding of public broadcasting, so that public broadcasting can be truly public broadcasting and less commercial, less commercialized, less commercially supportable type programming, programming that ought to be on commercial stations, is a chief goal of mine. As we make this transition to digital, there are going to be opportunities for us to follow through on those reforms.

Public broadcasting ought to have some kind of permanent trust funding so that public broadcasters have to depend less upon commercials and commercial support and commercial activities and commercially supportable programming, so that it can focus on its public mission. To that end, I will continue to put out ideas and to lay them before you and get your comments. Mr. Markey has been a tremendous help and advisor and counselor and assistant and friend in developing these ideas and promoting them. I want

to thank him for his work. I also want to thank him and Mr. Dingell for joining me today and introducing the bill and for working with me, as I said, on these initiatives.

I want to also thank the New York delegation, led by Mr. Elliott Engel, for the strong letter of support for public broadcasting. I look forward, again, to the testimony of our very distinguished witnesses today, and yield now to my friend from Massachusetts, Mr. Markey, for an opening statement.

Mr. MARKEY. Thank you, Chairman Tauzin. I think we're going to have a great hearing today.

I believe that this legislation underscores the bipartisan support that public broadcasting enjoys throughout America. In short, the legislation authorizes funding for the Corporation for Public Broadcasting at a level not to exceed $475 million for fiscal year 2002. In addition, the bill also authorizes the funding to assist in converting public broadcasting stations to digital technologies at $100 million for each of the fiscal years from the year 2000 through 2003.

This additional money for digital conversion is vitally important, as the Federal Communications Commission has set a deadline of 2003 for public broadcasting stations to go digital. It's my hope that we can begin to provide additional money for digital technology as soon as possible, because the public stations are under a deadline to go digital and must do so without the financial resources available to them that are available to commercial stations.

The legislation also reauthorizes the Public Telecommunications Facilities Program Grant program in the Department of Commerce, an important program that assists in the planning and the construction of public telecommunications facilities. I believe that the legislation reinforces the firm commitment in Congress to providing an electronic oasis for learning and information in what has been called the vast wasteland of commercial television.

Frankly, if public television and radio did not exist today, we would probably be up here calling for its creation. Free, over the air, non-commercial television and radio are indispensable media outlets in our communities today for millions of Americans, and especially millions of children and their parents. We must remember that telecommunications technology can only empower those who can obtain it, or those who can afford to get it.

Not every American family can afford cable. At a cost of just $1 per year, per person, what parents and kids get from free, over the air public TV and public radio is an incredible bargain. To me, the question is not, can we afford it, but rather, can we afford to lose it. Safeguarding public broadcasting from budget cuts and ensuring that the system has the resources it needs to remain vibrant and creative are vitally important. I am committed to fighting in the Congress to secure such funding.

Ensuring that the system itself raises its portion of the funding, however, in a manner that remains true to the fundamental non-commercial nature of the medium is also vitally important. I continue to have concerns about what I refer to as the creeping commercialism that we have seen from some public broadcasting entities in recent years. Corporate underwriting was never meant to

become advertising. It was meant to be an acknowledgment to the viewer or listener of sources of funding.

Public broadcasting is a national treasure. But we must treasure its non-commercial nature. I look forward to hearing from our witnesses today as to how we can maintain public TV and public radio as a crown jewel of our broadcasting medium.

Again, Chairman Tauzin, I want to thank you for holding this very important hearing, and I'm looking forward to working with you. I yield back the balance.

Mr. TAUZIN. I thank my friend. The Chair is now pleased to recognize Mrs. Wilson for an opening statement.

Mrs. WILSON. I would just ask unanimous consent that my statement be put in the record.

Mr. TAUZIN. I thank the gentlelady. In fact, the Chair will make the unanimous consent request that all members' written statements be made a part of the record and that all the witnesses' written statements be made a part of the record. Without objection, it is so ordered.

The Chair will recognize Mr. Ehrlich for an opening statement.

Mr. EHRLICH. In view of the Chair's ruling, I will forego an opening statement.

Mr. TAUZIN. Thank you, Mr. Ehrlich.

Mr. Cox?

Mr. COX. I have no opening statement.

Mr. TAUZIN. Thank you, Mr. Cox.

Mr. Dingell is here, the ranking member of the full committee and my dear friend from Michigan.

Mr. DINGELL. Mr. Chairman, good morning.

Mr. TAUZIN. Good morning, sir.

Mr. DINGELL. First of all, thank you for recognizing me. Second, I'd like to commend you for introducing legislation to reauthorize the Corporation for Public Broadcasting. It's a fine bill and one that I am proud to co-sponsor with you and Mr. Markey and many others on this committee.

There is great importance to providing adequate funding to public broadcasting, and I am delighted we have just begun this effort with a bipartisan consensus to do just that. Today, Americans are yearning for alternatives which many see as decay in the recent quality of programming on radio and television. Recently, the House considered legislation that sought to impose Government constraints on the content of programming transmitted through the electronic media.

While I certainly cannot defend the intrinsic value of such programs containing graphic depictions of violence, sexual innuendo and the like, I do believe strongly in the right of broadcasters to make and distribute programs of this type, so long as they do so within the bounds of the First Amendment.

Mr. Chairman, in my view, the solution to this problem lies not in the censoring of programs we do not like, but rather in actively encouraging the development of programs that we do. That is precisely why we are here today and precisely what we do today, to pledge our support for public broadcasting, a service which is devoted its entire history and mission to the creation of quality pro-

gram that inspires, instructs and entertains children and adults alike.

This week, the Annenberg Public Policy Center released its annual findings on the state of children's television. I'm sure I would find there is no surprise amongst us that the trends were found to be discouraging, despite recent commitments by commercial broadcasters to increase the amount of children's educational programming on television. As well-meaning as those commitments may have been, the results bear out the practical reality that neither the Congress nor the FCC can mandate a wholesale shift in the traditional mind set and mission of these inherently commercial programmers.

By the same token, it came as no surprise that the Annenberg study found that non-commercial broadcasters provided the highest quality and most educational programming available on television. In fact, that study found literally no violence, no sex, no offensive language on any of the children's shows running on public television. This is a powerful argument for us to support public television and the funding which would come through this legislation. Indeed, I am unaware of anyone who would question the moral or the educational value of these programs for our children.

Mr. Chairman, I thank you for sharing my views, and I thank my colleagues for sharing the views of a majority of Americans that public broadcasting is an essential service that pays huge dividends and that indeed are a strong and a valued investment that this Nation makes in itself, its children and its future. I commend you for leading this effort. I look forward to speedy passage of this bill. And I yield back whatever time remains.

Mr. TAUZIN. I thank my friend, and I think the panel is getting the correct impression that you will be preaching to the choir today.

The Chair recognizes the gentlelady from Missouri, Ms. McCarthy.

Ms. MCCARTHY. Thank you, Mr. Chairman. I want to thank you and Mr. Dingell for introducing this reauthorization of public broadcasting. I would like to join you as a co-sponsor in this great effort and pledge my continued support of public television.

I must confess to all the panelists that that's probably the only reason I turn on my television, is because of you. You are offering to me and all viewers an unbiased and very thorough approach to the issues of the day, to the information that we need and of course for our children, for the education that they so desperately need in a very changing world.

So I thank you for all that you do. You are a key resource to our democracy. And Mr. Chairman, while joining you as a co-sponsor, I hope that when we mark up this wonderful bill that we could have a discussion about the need for caps at all. Because I sat in on a meeting at 8 o'clock this morning where we talked about trillions in surplus. This is such a valuable tool, I would hate to limit the resources for our future.

So thank you very much, Mr. Chairman.

[The prepared statement of Hon. Karen McCarthy follows:]

PREPARED STATEMENT OF HON. KAREN MCCARTHY, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MISSOURI

Thank you, Mr. Chairman, for holding this hearing today to discuss the Corporation for Public Broadcasting Authorization Act of 1999. I look forward to hearing the testimony of our witnesses today and to ensuring that public broadcasting, including television and radio, are adequately funded.

Public television provides many important services to our citizens, including children's programming, educational programming, and arts programming. It provides these programs, whether or not a resident subscribes to cable or satellite television. Many of our nation's youth get an extra boost in their early years learning to count or sing the "ABC" song while watching public televisions shows. As they grow older, they might learn about ocean life, classic works of art, or literature through public television shows.

Public broadcasting also offers unbiased, thoroughly balanced investigative reports on the top issues of the day, so that viewers can make informed decisions about complicated situations. It is a key resource of our democracy, allowing for an educated citizenry. I am served in my district by KCPT, KCUR, and KANU. These stations provide the Greater Kansas City Area with quality, informative programming. I applaud these stations for their broadcasting excellence.

I have advocated for public broadcasting on a variety of levels. Recently, I wrote a letter to the Labor, HHS, Education, and Related Agencies Subcommittee requesting that the subcommittee's appropriations bill for FY 2000 include sufficient funding for both the Corporation for Public Broadcasting (CPB) and for the Digital Transition fund within CPB. I will remain active in both the appropriations aspect as well as the authorization aspect of public broadcasting.

I am sure that my colleagues agree on the value of public broadcasting, and I look forward to reaching a consensus on the best way to continue the programming offered by public television. Thank you, I yield back the balance of my time.

Mr. TAUZIN. I thank the gentlelady.

The gentleman from Ohio, Mr. Sawyer, is recognized.

Mr. SAWYER. Thank you, Mr. Chairman. Thank you for calling this hearing and for introducing the bill. I'm pleased to join you as an original co-sponsor, on this initiative. I think we've come to appreciate during the last several years when we have seen the annual appropriations process being called into jeopardy and where we've lacked the multi-year reauthorizations that are inherently important for long term sound planning. We've come to appreciate what we really might lose if we were to lose the strength of public broadcasting.

Public television and radio tie this country together in ways that virtually nothing else does. It spans an economic and demographic spectrum of this country like no other medium that we have. To lose that would be a crime that our successors would not forgive us for.

I guess perhaps as much as anything, the way in which the dollars that we appropriate and authorize through this Congress become the leverage that public broadcasters can use in generating the real constituency, the contributing constituency, in public and private sectors and individual contributors all across this country that have made public broadcasting perhaps second only to libraries as the home of a literate Nation and one that contributes to that level of literacy. In that sense, just let me say thank you, and Mr. Chairman, I will submit my opening statement for the record.

[The prepared statement of Hon. Thomas C. Sawyer follows:]

PREPARED STATEMENT OF HON. TOM SAWYER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF OHIO

Thank you Mr. Chairman for holding this legislative hearing on the Corporation for Public Broadcasting Reauthorization Act. I would also like to thank our panelists for coming to testify on behalf of this legislation.

Public television and radio tie this nation together. Without them, many people in poor and rural areas would be deprived of the educational and cultural programs that public television and radio provide.

Current federal funding comprises only a small portion of the total budget for public broadcasting. The remainder of the funds come from a variety of sources including public-private donations, corporations, and state and local governments. However, without federal support many stations, especially in rural and poor areas, would be forced to cut back their services or completely shutdown their operations.

Some have claimed that public broadcasting and its programs are the domain of the elite. The truth is that public broadcasting is for everyone. In fact, nearly one-half of the National Public Radio (NPR) listeners come from households with a combined income of $40,000 or less a year, and less than a third have college degrees. Public broadcasting brings the full range of entertainment, radio and arts to people everyday.

Mr. Chairman, as you know it's been seven years since the Corporation for Public Broadcasting received a multi-year authorization and that expired in 1996. Since then the Corporation has had to rely on the yearly appropriations process to receive funding for its operation. Even though the CPB is forward funded by two years, it is extremely difficult to operate and plan effectively without a multi-year authorization.

I am proud to be an original cosponsor of this legislation. It will provide valuable resources for broadcast stations to upgrade their facilities to make the required transition to digital programming. It will also allow those stations to leverage federal funds against other resources to provide the programming that the Corporation's constituency requests.

Thank you again Mr. Chairman for introducing this important legislation. I look forward to hearing from our witnesses.

Mr. TAUZIN. I thank the gentleman.

The gentlelady from California, Ms. Eshoo, is recognized.

Ms. ESHOO. Thank you, Mr. Chairman, for your leadership on this. I'm proud to be a co-sponsor, and this is an important hearing today. It's wonderful to see everyone that has come in to testify.

I'll submit my written statement, but just a few thoughts. I can't help but think what a difference, a few political seasons make. Just a handful of years ago, we had people practically hanging from the rafters, filling the hearing room because of what was being considered at that time. More than anything else, the American people weighed in. If public broadcasting and all that it represents were not one of the jewels in the crown of America, then we would not be having a calm hearing today. The history that's been written in between really would not exist.

So I'm proud to co-sponsor this. I'm looking forward to hearing in the testimony how we help move you on time into a digital age, and hearing more of the good news. But I want you to know, for someone that is bicoastal, so to speak, and commutes every week to California, that WETA and NPR are great friends of mine at this end of the country, KQED and everything that they represent and do, I'm so proud of. And more than anything else, my constituents think so.

So, bravo, and let us move on so that you have a continuation of adding more jewels to the crown. Thank you, Mr. Chairman.

[The prepared statement of Hon. Anna G. Eshoo follows:]

PREPARED STATEMENT OF HON. ANNA G. ESHOO, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

Thank you Mr. Chairman and thank you for your leadership on the legislation we are hear to discuss. I'm pleased cosponsor this legislation, which authorizes funding for Public Broadcasting through the year 2006.

As you know, Mr. Chairman, I place great importance on the service public broadcasting systems provide for the American people. From Big Bird to NPR—public broadcasting offers all Americans quality programming, and perhaps most importantly, quality programming for free.

It is difficult to measure the return on the investment we make by authorizing these funds for the Corporation for Public Broadcasting.

In fact, I think the return is immeasurable, especially when we consider:

- The great number of American children who learn from the characters on Sesame Street, Barney, Arthur and the Teletubbies
- The great number of Americans who receive their news via NPR or the Leher News Hour, and
- The great number of Americans able to receive cultural programming via public broadcasting.

And all of this programming is commercial free.

A lot of work must still be done to ensure that public broadcasting systems will meet the digital upgrade deadlines. The legislation we discuss today takes a very big first step.

Thank you again Mr. Chairman for your support of public broadcasting. I look forward to today's testimony and to seeing this bill approved by the full House.

Mr. TAUZIN. I thank the gentlelady. The gentleman from Texas, Mr. Green.

Mr. GREEN. Thank you, Mr. Chairman. I too, like my colleague from Kansas, would like to join in co-sponsoring the bill. In my district in Houston, we're served very well by both KUHF radio and the public television station. Having been to a number of the telethons, fund raisers and every once in a while letting me introduce some of the music on KUHF radio to raise money. I don't think there is any doubt about the value of public radio and television.

I'm just glad today to join in co-sponsoring, Mr. Chairman, and hopefully we will move the bill fairly quickly. Thank you.

Mr. TAUZIN. I thank the gentleman.

[Additional statements submitted for the record follow:]

PREPARED STATEMENT OF HON. TOM BLILEY, CHAIRMAN, COMMITTEE ON COMMERCE

Thank you, Mr. Chairman.

I have always been a strong supporter of commercial-free broadcasting. While Americans debate the question of whether media content has contributed to excessive violence in our culture, it is important to remember that commercial-free broadcasting has been—day-in and day-out—an oasis of unique, creative, and educational programming.

I commend these programmers for swimming against the tide of the coarse programming that has become the staple of commercial broadcasting. You perform a valuable public service.

And as the entire television industry—both commercial *and* non-commercial broadcasters—make the transition to digital, your service to American communities will become that much more valuable. Digital television holds great promise for broadcasters and consumers alike, which is why this Committee has backed this transition.

But the critical question for this Subcommittee is now, and always has been, the following: what should be *the American taxpayers' burden* in ensuring that commercial-free broadcasting remains just that, commercial-free?

I have long argued that the American taxpayer should bear a declining share of the burden. Public broadcasters have proven that their product is popular with American families and corporate underwriters. Moreover, it is quite possible that the federal government's heavy-handed role in funding public broadcasting ends up *displacing* voluntary sources of funding.

We should therefore never assume that public broadcasting must *always* remain a ward of the state. Quite the opposite, I urge my colleagues to join me in finding

ways to ensure that commercial-free broadcasting will someday be self-sufficient, free of the "strings" that always are attached to government handouts.

I have confidence in the commitment and the talent of commercial-free broadcasters to ultimately become self-sufficient. This is *not* to say that I would back proposals to eliminate federal funding overnight. But neither can I support proposals that would only strengthen public broadcasting's dependence on the largesse of the federal government.

I thank the Subcommittee Chairman for his hard work in this area, and for calling this hearing. It is indeed an important matter that deserves our attention. I look forward to hearing the testimony of the witnesses this morning.

PREPARED STATEMENT OF HON. BOBBY L. RUSH, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF ILLINOIS

Thank you, Mr. Chairman. It is truly an honor to come before you today to stress the importance of public broadcasting services to our society. I am sure very few individuals in this room can say they have not seen Public Television shows, such as the McNeil/Lehrer Newshour, Master Piece Theater, Sesame Street, Arthur or even the infamous Barney. These shows provide Americans and especially our children with quality programming that are free from violence and foul language. In addition, the beauty of PBS programs is that they are uninterrupted and commercial free. Non-commercial programs provide untainted and pure content driven programming that is free from commercial interest.

As we approach the new millennium, public television stations are facing the challenge of making the transition to digital broadcasting by the year 2003. This conversion is expected to cost $1.7 billion and creates obstacles for non-profit public television stations who are in dire need of money.

The Corporation for Public Broadcasting Reauthorization Act of 1999 allocates $15 million for fiscal year 1999 and $100 million for each fiscal year from 2000 until 2003 to aid in the transition. I am in strong support of this legislation. We must ensure that PBS programming remain independent and free from commercial influence. Therefore, it is imperative that we fund PBS at a level where it can continue to survive in a commercially driven arena.

Thank you, Mr. Chairman.

PREPARED STATEMENT OF HON. ELIOT L. ENGEL, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW YORK

Mr. Chairman, I want to thank you and Mr. Markey for holding this timely hearing on the Reauthorization of the Corporation for Public Broadcasting. It is no secret that I am a strong supporter of public broadcasting and in my tenure in Congress, I have done all I can to preserve the principles beholden to the Public Broadcasting Act of 1967.

I have fought in this Congress to save Public Broadcasting from extinction with the help of my colleagues in the 104th Congress. With the help of members on this committee, I was successful in the previous Congress, in restoring $5 million for the Public Telecommunications Facilities Program, which provides much needed assistance to public broadcasters in purchasing equipment and hardware.

However, my passion for public broadcasting is not held by me alone. The New York State Congressional delegation in a bipartisan effort have sent letters to the Speaker and our committee Chair and Ranking member asking for this Reauthorization hearing, because we know the role that stations such as MNET-TV in New York, play in our families daily life. In a time when we in Congress examine the impact of violence, and content within the media, on our children and young adults, it is good to know that shows such as Sesame Street, Barney and Mr. Rogers continue to provide high quality educational programming without disturbing images or stereotypical depictions. In fact, I contend that public television is needed more today than ever and it is my hope, that my colleagues join me in preserving public television for all American families as they make the transition to digital conversion.

Mr. TAUZIN. The Chair is now pleased to welcome our panel and give you a chance to give us your views and opening statements. We would remind you that your written statements are already a part of the record, so please do not read them. Engage us, Mr. Bur-

ton, engage us in conversation here that we can come back to you in a dialog.

So if you can, put the notes away and just talk to us, if you don't mind. You each have 5 minutes. We'll start with the president and CEO of the Corporation for Public Broadcasting, Mr. Robert Coonrod.

STATEMENT OF ROBERT T. COONROD, PRESIDENT AND CHIEF EXECUTIVE OFFICER, CORPORATION FOR PUBLIC BROADCASTING

Mr. COONROD. Mr. Chairman, thank you, and I thank the members of the subcommittee as well for the words that we just heard.

Before I make some brief opening comments, I would like to recognize the Chair of the Board of the Corporation for Public Broadcasting who happens to be with us this morning, Diane Blair. In addition to a distinguished panel, as you said, there are some distinguished members of our audience as well.

Mr. Chairman, thank you. This is an opportunity for us to continue a dialog that we began last year, and it is a dialog that is very important to us. I think the members of the subcommittee have already stated many of the reasons why this is an important time in the history of public broadcasting. You are going to hear from my colleagues on this panel some very exciting things about the revolution that is underway, the revolution in digital technology, the revolution in new media.

What I would like to talk about briefly is another revolution, the more quiet revolution that is taking place in public broadcasting these days. The revolution that has taken place in the last 4 years and the way public broadcasters around the country have reconsidered how they do business and reformed the way they do business and have actually begun to institute, and we are making some real progress, Mr. Chairman, in the areas that you have identified as important to the public broadcasting going forward.

In the last 4 years, station-based task forces and system-wide consultations have allowed CPB to create incentive grant programs for innovative projects in radio and television. We have been able to rewrite the main radio and television grant programs to better meet the needs of rural stations. We have instituted a one base grant per market policy. This affects 44 television stations and 18 overlap markets. We have instituted a one base grant per licensee policy, which affects 37 stations and 16 licensees.

We have established new outcome based criteria for our radio grants programs. The Ready to Learn program has been extended from 10 pilot stations to 127 stations now, most of whom have full time outreach coordinators. There is now a new teacher training channel, free available teacher training channel that has been launched.

The effect of all this, Mr. Chairman, is that public television and radio stations are doing business smarter. They are becoming much more self-reliant, and they are doing an even better job today of delivering the educational and cultural programming that is important to all Americans. Programming has maintained its excellence, and it has gotten better in many ways. Not just from the people who are affiliated with me on the panel this morning, but groups

like the Independent Television Service and the Minority Consortia have demonstrated their value.

One way to look at that is through awards. Last month, programs that are distributed by PBS and NPR received 12 of the 23 George Foster Peabody awards, the most prestigious awards available in broadcasting. That was from 1300 entries. So it gives you a sense of the quality that we are able to achieve. Daytime Emmys, Fred Rogers, Sesame Street, Bill Nye the Science Guy, Wishbone, This Old House were all recipients of Emmys.

And a program that was supported by the National Asian American Telecommunications Association, which is a San Francisco based group that we support, was nominated for an Oscar. So the quality of the programming on public television and public radio is better than ever. But we are also making real headlines on the Web. PBS has won another Webby for PBS Online. The Annenberg CPB project won a Webby for the best educational web site.

So we are doing this in this sort of quiet way as I would describe it. But I think it is an important way.

Let me give you two examples in closing of the kinds of things that stations are doing that are really making a difference. In Colorado, KRMA and KBDI are developing a joint master control facility which will reduce each station's individual staff needs and hardware investment now and in the future. These are the kinds of reform activities that stations have underway.

In Jonesboro, Arkansas, KASU, a public radio station, has received special assistance from CPB to help them meet the new outcome based criteria in public radio. Not only did the station increase its revenues by 42 percent, but training for the news production team was completed just 2 weeks before the tragic Jonesboro shootings. KASU reporters were better prepared to make local contribution to the national coverage of that important story.

So in sum, Mr. Chairman, we want to continue to work with you to improve and refine the system that is undergoing this quiet revolution. We believe this legislation will allow us to sustain the momentum that we have established over the last 4 years.

Thank you, Mr. Chairman.

[The prepared statement of Robert T. Coonrod follows:]

PREPARED STATEMENT OF ROBERT T. COONROD, PRESIDENT AND CEO, THE CORPORATION FOR PUBLIC BROADCASTING

Thank you, Chairman Tauzin and Mr. Markey for your work last Congress and this Congress to support public broadcasting. We in public broadcasting are grateful to you and the members of the Subcommittee. Your support is very important both in a practical way, and as a tangible symbol of the way public broadcasting joins national interests to local interests, and the public sector to the private sector. The value and strength of these partnerships are increasing in importance. They are the basis of our planning for our transition from a technology born in the 1950's to the technology of the 21st Century.

We appreciate and support your legislative commitment to reauthorize the Corporation for Public Broadcasting. CPB was last authorized in 1992 for a period that ended in 1996, at which point CPB was authorized at a level of $425 million. Our appropriation that year was originally $312 million, an amount which was later reduced to $275 million as a result of a multi-year rescission. Public broadcasting is currently operating on an appropriation of $250 million.

My understanding, too, is that your legislation authorizes a special digital conversion fund through CPB to facilitate the transition of public broadcasting stations to digital technology. We are particularly grateful for this support and for your support for reauthorization of the Public Telecommunications Facilities Program: our part-

ner in the digital conversion. The need to authorize CPB to distribute funds for digital conversion is pressing, both because of federal time lines, and because of our keen desire to fully use digital technology—technology that lends itself more perfectly to the development and airing of excellent, universally available, noncommercial programming, rich in educational content, and tailored to the interests and needs of local communities. Digital technology will revolutionize the medium of broadcast television and radio, public as well as commercial. I hope you received a tape of the digital program prototypes we circulated to your offices earlier this week. If you watch it, you'll understand what all the excitement is about.

You will hear more from my colleagues about this technological revolution. It will be dramatic and will affect everything we do.

But, I want to use my remaining few minutes to talk about another revolution—a quiet revolution. Since our last reauthorization, public broadcasting has not stood still.

In the past four years alone, through station-based task forces and system-wide consultations with our public broadcasting colleagues, CPB has: created an incentive grant program for innovative television practices; created an incentive grant program for innovative radio practices; rewritten the main radio and television grant programs to better meet the needs of rural stations; instituted a one base grant per market policy affecting 44 television stations in 18 overlap markets; and, instituted a one base grant per licensee policy affecting 37 television stations and 16 licensees. We established new outcome based criteria for radio station grants; expanded the Ready To Learn program from a 10 station pilot project to 127 stations, most of which now employ a full time outreach coordinator; helped launch the first free teacher training channel in math and science; funded the first prototypes of digital broadcasting content; and—in the midst of it all—reduced the size of CPB. The effect of all this is that public television and radio stations are doing business smarter, becoming more self reliant, and doing even better at delivering educational and cultural programming for all Americans.

Programming has maintained its excellence, and, in many ways, has gotten better. At CPB we are affiliated with organizations dedicated to program development, who are not represented on this panel, but who have done excellent work to improve their output; organizations such as the Minority Consortia and the Independent Television Service. Last month, programs airing on PBS and NPR received 12 of 33 George Foster Peabody awards for Broadcast and Cable Excellence granted this year out of nearly 1,300 entries. A few days later, Fred Rogers, *Sesame Street, Bill Nye The Science Guy, Wishbone,* and *This Old House* all won daytime Emmys. Earlier this year, a CPB/National Asian American Telecommunications Association-funded documentary was nominated for an Oscar, and public broadcasters, specifically PBS and Annenberg/CPB, won awards for the Best TV Web Site and the Best Educational Web Site. In addition, public broadcasting is a leader in the development of digital data-enhanced programming.

As I said, there is a quiet revolution taking place within public broadcasting. Allow me to fill out the picture somewhat.

Reforming Station Grant Criteria

Since 1995, CPB has commissioned a number of task forces of talented public broadcasters from diverse economic and geographical backgrounds to review our grant policies in both television and radio in an effort to increase efficiency, more efficiently use infrastructure, and improve our service to the American people. The result has been a series of policies generated by public broadcasters and adopted by the CPB Board that have quietly reformed the way we do business.

Television grants are made up of two parts: a base grant, which is an equal payment to every eligible public television station; and, an incentive grant which is based on the amount of nonfederal money a station has raised. Base grants have generally been linked to infrastructure needs, so in situations where consolidation of infrastructure may be possible, stations are being asked to share a single base grant.

For example, in cases where one licensee operates more than one station, the task force reasoned that the licensee should be limited to one base grant. The CPB Board adopted that recommendation, and in 1996, 16 licensees from places like Pittsburgh, South Carolina, and Northern Virginia went from receiving a total of 37 base grants to a total of 16 base grants. The money saved is being redistributed to public television stations through increases to the incentive grants.

Also in 1996, CPB in consultation with our public broadcasting colleagues, for the first time began to take broadcast signal overlap into account when determining grant awards. Today, 44 stations in 18 markets are in the final stages of a three year phase-in of a one base grant per market policy. In many cases, stations that

share a market are now working together to reduce infrastructure costs. For example, public television stations KBDI-TV, in Broomfield, Colorado, and KRMA-TV, Denver, are developing a joint master control facility, reducing each individual station's staff needs and hardware investment now and in the future. In Utah, KBYU-TV, Provo; KUED-TV, Salt Lake City, and KULC-TV, Salt Lake City; and five commercial television stations are building a joint digital television transmission facility. As a result of this cooperation, infrastructure costs are being cut and commercial broadcasters are investing in a facility that will benefit public broadcasters.

Radio grant criteria were changed to introduce, for the first time, minimum audience service standards. These new standards provide additional assurance that the services CPB helps fund are meeting community needs. KASU-FM, a public radio station in Jonesboro, Arkansas, received special assistance from CPB to help them meet the new outcome-based criteria. Not only did the station increase its revenues by 42%, but training for the news production team was completed just two weeks before the tragic Jonesboro shooting. KASU's reporters were better prepared to make a local contribution to the national coverage of this important story.

Creating Incentives for Innovation

While grants are being reduced in some cases, more money is available for innovative projects. The TV Future Fund and the Radio Future Fund provide grants to stations that develop new ways to reduce costs or increase revenues. In a recent survey of public radio managers and development directors from all sizes of markets and geographical locations, 71% said they'd changed the way they do business as a result of the Radio Future Fund. For example, KPBS, San Diego, is using a CPB Radio Future Fund grant to explore the characteristics of their major donors in an effort to identify additional major donors within the station's very diverse listening audience. A Television Future Fund Project is bringing together WGBH in Boston, WVIZ in Cleveland, GPTV in Atlanta, WHYY in Philadelphia, and KUED in Salt Lake City, in an experiment to boost local giving through direct mail. CPB funded an innovative competition between NPRN, the Nebraska Public Radio Network, and SDPR, South Dakota Public Radio, in which the two organizations competed to see which could raise a predetermined dollar goal during an eight day on-air membership campaign. In two years of competition, the stations increased giving by better than 30%.

The Infinite Outsource project began as a Florida-based effort to help stations consolidate membership, fundraising, and database management. The program has been so successful that it has grown beyond the borders of Florida to become a regional, even national, movement that may involve more than 50 public television stations when fully implemented. In a similar effort, Alabama Public Television, Arkansas Educational Television Network, Georgia Public Television, Louisiana Public Television, and Mississippi Educational Network are seeking ways to use common resources to discover efficiencies through collaboration. In radio, CPB brought together African-American stations to seek ways in which these stations could learn from each other and increase cooperation. Several radio and television Future Fund projects also help stations increase their underwriting support.

The five most important sources of station revenues are: membership, state governments, businesses, CPB appropriation, and state colleges. Each source of income is important. The loss of any one of them would be devastating. Our challenge is to make noncommercial television and radio attractive to all of our supporters: members, businesses, colleges, state governments, Congress, and others.

We want to continue to work with you to improve and refine a system that is undergoing this quiet revolution. We believe this legislation will allow us to sustain the momentum we have established and to more successfully meet the challenge of the next revolution: digital broadcasting.

Thank you again for your commitment to move a reauthorization bill. I am pleased to respond to questions at the appropriate time.

Mr. TAUZIN. Thank you, Mr. Coonrod. We will now turn to Mr. Duggan, President and CEO of Public Broadcasting Service. I understand you have a demonstration for us as well.

STATEMENT OF ERVIN S. DUGGAN, PRESIDENT AND CHIEF EXECUTIVE OFFICER, PUBLIC BROADCASTING SERVICE

Mr. DUGGAN. Thank you very much, Mr. Chairman. I want to express our profound gratitude to you and to the ranking member,

Mr. Markey, and to your colleagues for having this hearing and allowing us the privilege of participating.

You made a something rueful comment about our preaching to the choir. I would like to say on behalf of the preachers that we think the choir has made beautiful music this morning. We are grateful to all of you for that.

I am going to make three quick points on the way to an exciting demonstration of a perhaps unexpected potential of digital television that we hope you will find as interesting as we have found creating it. On the way to that demonstration, however, I do want to make two or three important points. The first one, Mr. Chairman, is that only public broadcasting will use the new digital media, has the commitment and the expertise to use the new digital media for educational purposes, for cultural purposes, for non-profit enlightenment of our citizenry.

All other uses of these media will be commercial, and that's fine. We want to create internet billionaires, we know it's great for the economy.

But the only non-profit public service educational use of these media will come from public broadcasting. That can only happen with your support.

As other panelists have mentioned, as members of the subcommittee have mentioned, this is a time of tremendous concern about the impact of media, the vulgarization, the violence in media. We want to be, and we believe we are part of the solution to that problem. It is only with your generous help and support that we can continue to be part of a solution.

But I think it is important to note in the beginning that only public broadcasting is equipped to do that non-profit educational use of all media, beginning with radio and television but extending to the new digital media.

The second point that I would make briefly in passing is that the clock is ticking, as you pointed out, and as Mr. Markey pointed out, on an unfunded Federal mandate. It is the intention and the commitment of public broadcasters to raise about two-thirds of all the funds we need for the digital conversation from other than Federal sources. But we greatly need the continuing support of the Congress in this public-private partnership. We believe that you are committed and we are tremendously grateful for the vision and leadership that you, Mr. Markey and your colleagues have shown to stepping up to the funding of this unfunded mandate.

As of last week, the public television stations around the country had raised about $250 million, $170 million of it, something in excess of $170 million, from State governments. Those State governments are expecting a match of funds from the Federal Government. So we honor you and we're grateful to you for stepping up to the plate and helping us with the public part of this public-private partnership.

Universal service which is a commitment of ours, to reach every home, if possible every school and college in the country with our educational and cultural mission, that universal service depends on you. So we are tremendously grateful to you for stepping up to the plate.

The third point that I would want to make is that just as public broadcasting has been the wellspring of creativity in radio and television broadcasting, inventing whole new genres for the public, we want to be that, and we believe we can be that wellspring of innovation and creativity in digital media. You know, and several members of the panel have mentioned the inventiveness and innovation and creativity of public broadcasters in inventing things like educational broadcasting for children.

The invention of the historical documentary on television was really something that came out of public broadcasting. We believe that same creativity and that same innovative power can be brought by our service to the new digital media. And in fact, we believe that if we do not do it, it may not be likely to happen.

To illustrate that creativity now, Mr. Chairman, and to underscore our commitment to being innovators and creators in the digital media, I want you, if you will, to turn your attention to the screens that you see on either side. Imagine yourself last November watching the wonderful Ken Burns documentary of Frank Lloyd Wright. That documentary told about the life of Frank Lloyd Wright. It did not really tell us very much about his work.

But if you were curious about the work of Frank Lloyd Wright, and if you were in seven digital demonstrationsites around the country that were properly equipped, you could click at the end of that documentary and download an embedded package of additional information that came along with the documentary, embedded because of the marvelous technological power of this digital medium.

I would like to introduce John Hollar, who is the Executive Vice President of PBS for Learning Ventures. He played a role with Intel and their colleagues in creating the embedded enhanced digital package that went along with Frank Lloyd Wright.

We hear a lot about HDTV. Mr. Chairman, this is EDTV, enhanced digital television. And if John Hollar will come forward, he can lead us through this new invention that we think has tremendous potential for the future of public broadcasting and our educational and cultural mission.

Thank you, Mr. Chairman.

Mr. HOLLAR. What you will see, Mr. Chairman, is the last 10 seconds of the last evening of Frank Lloyd Wright. Then you will see a trigger come up at the bottom of the screen, which will then take you much deeper into the information related to the broadcast.

[Demonstration proceeded.]

Mr. HOLLAR. I will read what it says. It says, to launch the PBS Interactive Companion to this episode, press return on your keyboard.

[Demonstration proceeded.]

Mr. HOLLAR. Click here on the information button, and you get more information from Eric Lloyd Wright.

[Demonstration proceeded.]

Mr. HOLLAR. Here on Fallingwater, we are actually transported to the work of architecture itself. There is a blueprint of the house, Fallingwater, and if you click on one of these red icons, then you actually step into the house itself. This is the main living area of Fallingwater. You can see, using your cursor, this is a 360 degree

interactive tour of the home itself. So you can stand in the middle of the living room, you can use your cursor to look up at the ceiling, or you can look down at the floor. You can tour the entire room this way and you can go at your own pace and speed.

If you click here, you are now looking out to the terrace. If you click here, you actually step out onto the terrace at Fallingwater. Again, using your cursor, you can look out past the cantilevered balconies, out to the water itself, into the woods. You can look down over the balcony.

This is a three-level house. Each floor of the house is represented on the blueprint. This is floor two and this is floor three. There is a little bedroom here on the third floor, which is quite nice. You can see there is this enormous bank of windows, so when you wake up in the morning, you feel as if you are actually out in the middle of nature.

I am going to take you very quickly now to the Guggenheim, just so you can experience this.

[Demonstration proceeded.]

Mr. HOLLAR. Again, using this same three-dimensional technology, you are standing on the floor of the Guggenheim, looking up past the balconies to the ceiling. You can use your cursor to come down and gradually look at the floor. You can look throughout the museum and navigate around.

You can stand on one of the upper balconies and actually see how the artwork in the Guggenheim is displayed. So there you are standing on one of the upper balconies. Then you can rotate around and look at the other artwork.

There is a great deal more here. There are outtakes from the film, there is a sort of story within the story, full digital video clips. There is quite an extensive set of lesson plans that are correlated to this actual film that involve science and art and technology. There is a chance to bridge from this piece out to the internet, so you can learn more about Frank Lloyd Wright.

It is important to emphasize that everything that you see here was actually broadcast simultaneously with the program, so that this was actually part of the digital signal. It was received on a digital receiver. These are available now, and these are not futuristic devices. They are available now in virtually every electronics store in the country. We really believe that this begins to show part of what the real power of digital television can be.

Thank you very much.

[The prepared statement of Ervin S. Duggan follows:]

PREPARED STATEMENT OF ERVIN S. DUGGAN, PRESIDENT AND CHIEF EXECUTIVE OFFICER, PUBLIC BROADCASTING SERVICE

Good Morning, Mr. Chairman and Members of the Subcommittee. I am Ervin Duggan, President and Chief Executive Officer of Public Broadcasting Service. We are grateful to you for the opportunity to join this hearing.

Your Leadership

Mr. Chairman, let me first express our gratitude to you and to the Ranking Member, Mr. Markey, for your support for public broadcasting over the years and particularly as we enter the digital age. We are grateful to have two distinguished leaders as our champions. Your respective local stations—Louisiana Public Broadcasting and WGBH Boston—represent some of the best of public television: stations dedicated to producing unique, enriching programming, and to serving our educational mission creatively at the local level.

Public Broadcasting Means Public Service

I will make a few brief points this morning, and then we would like to show you an exciting example of our plans for the digital future.

Public broadcasters are unique. We are the only enterprise that uses media and the public airways to address the most pressing concerns of our times: universal access to quality education; appreciation of the world's cultural riches and human achievement; and civil discourse by an informed electorate. At a time when the popular culture is deluged by violence, gratuitous sex and overbearing commercialism, our programs are violence-free, commercial-free and treat controversial issues responsibly.

We are consistent leaders in television's most prestigious competitions. Last year, for example, we earned far more Peabody Awards, duPont-Columbia Awards for television journalism, children's Daytime Emmys, and News and Documentary Emmy awards than any other television service, broadcast or cable. PBS presents television's four highest-rated programs among preschoolers—ARTHUR, BARNEY & FRIENDS, TELETUBBIES and SESAME STREET. We are the number one television resource for classroom programming in the country, according to three consecutive surveys of teachers and librarians by Cable in the Classroom. Delivering such high quality programs year after year is a tall order. It takes a combination of talent, dedication, experience and funding. We very much need and appreciate your support in continuing to make this possible and applaud your efforts to reauthorize the Corporation for Public Broadcasting and set a strong benchmark for its funding.

Digital Spectrum for Public Service: Pioneers, Progress and Plans

Public broadcasting is also the only enterprise, Mr. Chairman, that is committed to using the new digital technology to provide all Americans with high quality educational programming services. We are embracing digital television, with all its promise and all its challenges, as a means of broadening and deepening our mission of education, culture and citizenship. In a world of hundreds of channels owned and programmed by conglomerates whose chief end is to maximize worldwide profits, Congress has the opportunity to ensure that one media service will use this public resource to serve the public interest with noncommercial, educational content delivered by independent, locally-owned community institutions.

PBS and its member stations officially raised the curtain on the digital age last November with PBS Digital Week. PBS Digital Week achieved four digital firsts:

- The first national broadcast of a television program shot and edited in high definition—CHIHULY OVER VENICE, from KCTS Seattle;
- The first broadcast of a program with enhanced digital content—FRANK LLOYD WRIGHT, from WETA Washington and Florentine Films;
- The first national program to inform general audiences about digital television—DIGITAL TV—A CRINGELY CRASH COURSE, from Oregon Public Broadcasting; and
- The launch of the first consumer-friendly digital TV website, on PBS ONLINE.

We are now planning PBS Digital Week 2, slated for this fall. It will feature both high definition and enhanced digital television programs, online activities and a celebration of our 30th anniversary.

In addition to using the high-definition programming you have heard so much about for our cultural and performance programs, we are developing additional digital services with extensive educational applications: multicast services, such as the PBS Kids Channel; curriculum data services; and "Enhanced Digital TV" services. And in just a moment, Mr. Chairman, we will demonstrate an example of what we call "Enhanced Digital TV."

Public broadcasters have long been leaders in developing and testing digital technology and we take seriously our role as an educator here as well. In addition to A CRINGELY CRASH COURSE, and the user-friendly DTV website I just mentioned, PBS *today* marks the end of its DTV "roadshow." Fifteen months ago, the PBS/Harris DTV Express project sent a giant, 18-wheel demonstration truck nationwide showcasing the dramatic potential of digital technology. It started on Capitol Hill and today concludes a successful 40-city tour that included a stop last December at Louisiana Public Broadcasting. The DTV Express featured demonstrations of a fully operational digital television studio, a "living room of the future" and "a classroom of the future," all housed inside the 66-foot tractor-trailer. More than 17,000 people toured the truck and more than 2,300 broadcast professionals participated in DTV Express seminars along the way.

A Public-Private Partnership

Mr. Chairman, public television in America operates mostly on funds from non-federal sources. We want and need federal support, however, to maintain this superb public-private partnership and to make our exciting digital plans a reality for all Americans. We are working hard on our end. Seven PBS member stations are already on the air with a digital signal and we anticipate that over 30 member stations will be broadcasting in digital by the end of next year. Since last November, PBS has been showcasing at least one HDTV program in primetime each month. Building on last November's broadcast of FRANK LLOYD WRIGHT with enhanced digital content, PBS has two additional enhanced digital programs in development in 1999: ZOBOOMAFOO, the children's wildlife program featuring Chris and Martin Kratt; and WONDERS OF THE AFRICAN WORLD WITH HENRY LOUIS GATES, JR. More programs, featuring increasingly complex and varied enhancements, are planned for next year. And this September we will launch a new channel—the PBS Kids Channel—as an interactive broadcast service available to our stations for digital multicasting.

As of June 21—last week—our stations had raised over $250 million for their digital transition, much of that total from states that recognize the enormous contribution public television makes to their educational systems. This is good news, but it is not enough. Our transition costs are daunting—estimated at over $1.7 billion for the hardware alone. We have pioneers to be sure, and we are determined to raise most of the funds on our own, but many stations, especially in smaller communities, are only in the earliest stages of assembling the necessary resources. They need a federal contribution they can leverage with other potential public and private funding sources, or they may never make the transition. Universal service, if it is to continue, depends on you and your colleagues, Mr. Chairman.

By November 1, commercial stations in the top 30 markets—reaching over 50% of American TV households—are required to be on the air with a digital signal. We anticipate that 17 public television stations will be broadcasting digitally by the end of this year, reaching approximately 25% of American TV households. We must keep pace with the digital rollout of commercial broadcasters. If our signal is not available to all households with digital televisions, the principle of universal service upon which we were founded will be put in jeopardy, and the principle of educational use of media will be a dream unfulfilled.

To whet your appetite, we would like to share with you now a striking example of what digital television can be. It helps demonstrate, we believe, why continuing and enhancing the crucial federal stake in public broadcasting is in the best interests of the American people—and a great bargain. The following demonstration involves an entirely new form of media: the fusion of broadcast television with video, text, audio and graphic images into a new service called "Enhanced Digital TV"—not HDTV but EDTV. EDTV is a central part of our plans for a vibrant digital future. It is a tool that enables us to create entirely new, extremely powerful educational applications, from preschool programs to distance learning to PBS's most familiar signature series. Let's watch.

Mr. Chairman, I want to applaud again, in closing, your strong commitment to public broadcasting and your leadership on behalf of educational media. We at PBS are happy to join our colleagues today in thanking you for your support in the past, and in urging your continued support as we move into the digital future.

Mr. TAUZIN. Thank you very much, Mr. Duggan. That was an excellent demonstration.

We are now pleased to welcome a star here, Mr. LeVar Burton. Mr. Burton, your great work, many of us have followed it, from Roots to Star Trek, to the excellent work you do with Reading Rainbow. In fact, it was your performance in Roots that inspired this Cajun boy to go back to Nova Scotia to find out about my ancestors in Acadia. So I sort of journeyed like Kunta Tauzin back in time. I found out from whence I came.

By the way, we were kicked out unceremoniously from Nova Scotia, many of us put in indentured servitude and slavery in other places unknown. We eventually gathered in Louisiana. As we went through that awful experience in Kosovo, I reminded some of my friends that I despised the British for all my life for having kicked us out of Nova Scotia, until I went up there. It's cold. It's very cold.

Louisiana turned out to be a pretty good place. Crawfish are a lot bigger there.

Mr. Burton, we appreciate your being with us, and we welcome your testimony, sir.

STATEMENT OF LEVAR BURTON, PUBLIC BROADCASTING SERVICE

Mr. BURTON. Thank you very much, Mr. Chairman, and good morning.

And thank you to the other members of the committee. I really enjoyed hearing people with jobs such as yours speak so passionately about something that I also love and hold very dear to my heart. I really appreciate the feelings and the sentiments of the members of this committee, where continuing appropriations for public broadcasting and the Corporation for Public Broadcasting specifically are concerned.

And thank you, Mr. Chairman, for the reference to Roots. Because it is, after all, a primary example of just what this medium offers us in terms of our ability to inspire and enlighten ourselves. I truly believe that we have created with this link, this global technological web that we have woven around ourselves, the most powerful opportunity in the history of humankind to not only educate ourselves and each other, but really to lift ourselves up and light the way for each other.

That is after all at the end of the day what I believe this medium is for. I have dedicated and committed the last 20 or so years of my life to using the medium to its most powerful potential imaginable.

As a father of a 19 year old and a 5 year old, during the course of my career and my involvement with public broadcasting, I have seen the landscape of television and the way we use this medium change. The landscape is forever and continually shifting. The one thing that has remained constant in my experience is that the heart and the soul of the mission of PBS has been unaltered over all of these years.

In fact, over the 30 years of its existence, it has always been that shining light for how we can uplift ourselves and light the way for one another. So the support that this committee and the general body of Congress and the Federal Government at large, the commitment that they have made over the years is important. As we move forward into this age of convergence, the convergence of the digital medium and the art of storytelling, it is going to be increasingly more important for us to receive your very benevolent support.

I can't stress strongly enough that the future is one of our own making. The link between that which we imagine and that which we manifest, that which we create in life, is inextricable. I get the sense from you, Mr. Chairman, that you are also a Star Trek fan.

I know that the reason we have in life today the flip phone, that cell phone, is because some kid grew up watching Star Trek and saw Captain Kirk reach behind to that place on his hip and pull that thing out and call Scotty on the ship. That kid then grew up, became an engineer and designed a device that is as common to us today as the bread toaster.

So the link between that which we dream, that which we imagine and that which we manifest is absolutely a part of the human experience. The people who work in PBS have always demonstrated that they have the ability to imagine the world in a place that is healthy and safe for children. As we move forward into this age of convergence, I know that it is those people that you have been in this partnership with over the years in terms of your funding support, those people are the ones that are going to use these new digital technologies for the greater good and benefit of America's children.

Your continued and undying support is not only appreciated, but it is necessary and essential to America's kids. I thank you.

[The prepared statement of LeVar Burton follows:]

PREPARED STATEMENT OF LEVAR BURTON, PUBLIC BROADCASTING SERVICE

Good morning, Mr. Chairman and Members of the Subcommittee. I am LeVar Burton. Thank you for inviting me to testify on an issue about which I feel deeply: the importance of public television in the lives of children.

You probably know that for years, I have produced and hosted a PBS children's series called *Reading Rainbow,* which celebrates the wonder of books. You may not know, however, that I once entered the seminary and still have a tendency to preach. So this morning's testimony may sound more like a sermon than a recitation on public policy. I hope you don't mind.

In addition to my work for PBS, I have participated in the commercial television business for many years, and it has been good to me. I am proud of the things I and others have done in the commercial arena that stir the imagination and encourage the soul. But commercial television alone will never make the best use of this powerful and pervasive medium, especially when it comes to children.

In the past three years, commercial television has discovered that kids are good business, and new channels, video games and web sites have flooded the marketplace. But all too often, the commercial media has brought to the children's digital table the same old recipe that created the need for public television three decades ago. They largely provide content designed to seduce young viewers for relentless product pitches from eager advertisers. What we need instead is content designed to grow young minds into thoughtful individuals and caring human beings.

That's where public television comes in and that's why I'm here today. It's about the kids. It's about their future. About seeing in every one of them a seed of greatness. And doing whatever we can—and whatever it takes—to nurture that seed.

I come here today because I know what public television provides stands in stark contrast to what our young people are learning from commercial TV, the Internet, movies and today's music. Let's not kid ourselves here . . . all of these media influences are educational. The question is . . . "What is it teaching and how does it impact the world in which we live?"

On Monday of this week I attended a day-long seminar on children's television sponsored by the Annenberg Public Policy Center of the University of Pennsylvania. The Annenberg Center released its annual survey of the state of children's television, and the results speak for themselves.

For the fourth year in a row, PBS programs were judged by far the highest quality and most educational in all of television. The researchers found no violence, no foul language, and no sexual innuendo in any PBS series, and our programs presented a much wider diversity of characters than could be found on other TV networks.

In addition to the uniquely valuable content of PBS programs, public television is profoundly important for another reason. I remind you that one out of every five American children still lives in poverty. Few of them have access to the technology and resources that can give them a better chance to make it in life. Only one broadcaster is dedicated to reaching out, bridging that divide and creating an accessible on-ramp for every child. That broadcaster, of course, is PBS.

In a media landscape that is forever shifting, public television has managed to maintain its commitment to the goals and ideals under which the enterprise was originally conceived. Our mission has always been to simply do what's best for children. And in the faithful execution of that mission, we have earned and kept the public trust.

That trust is still strong and vibrant. Four years ago, the public spoke up for public broadcasting when its federal funding was threatened. And today, nearly 5 million Americans contribute to their local public television stations, making ordinary citizens the largest single source of revenue for public broadcasting.

Nonetheless, public television has reached a crossroads. It is faced with the exciting opportunity—and daunting challenge—of making the transition to digital broadcasting. You know how much it costs and how difficult it will be for PBS and its stations to do it without federal support.

Mr. Chairman and members of the Committee, I appeal to you today to do your part to keep public television a forceful and civilizing alternative to the commercial media. It's a brave new digital world out there—and public television requires your assistance both to survive and to prosper. More important, America's children need your help to keep alive the only television service that truly serves their needs. As the saying goes, we have come too far, worked far too hard and invested much too much to slow down or turn back now.

Thank you.

Mr. TAUZIN. Thank you. I would remind you, too, we have a member of our body, our good friend from Ohio, who regularly in the House calls upon Scotty to beam him up.

We are now pleased to welcome Mr. Kevin Klose, the President and CEO of National Public Radio.

STATEMENT OF KEVIN KLOSE, PRESIDENT AND CHIEF EXECUTIVE OFFICER, NATIONAL PUBLIC RADIO

Mr. KLOSE. Thank you very much. I am honored to be testifying before you today, and thank you for your support and authorization of this bill which our member stations fully support and will work very hard to assist in any way they can toward its passage.

Mr. Chairman, I was born in Canada, and fortunately, my parents came south as well under perhaps different circumstances.

I come before you today, this is the first time I have appeared before this body in this capacity. I came to National Public Radio from 25 years of journalism at the Washington Post and former President of Radio Free Europe and former Director of International Broadcasting for the U.S. Information Agency. What brought me to National Public Radio was the notion of direct public service to the people of the United States such as is fulfilled every day by NPR, by its great journalists and cultural presenters.

I think in the 7 months I have been at NPR, I've looked at our coverage of the Kosovo crisis and tragedy, at our coverage of future events and of the past in America, program segments such as Lost and Found Sound, which appears every week and recaptures sound from the past century of the sound era, and presents it in new ways to our listeners and to the citizens of the United States.

I think as well of the presentations of Performance Today, which presented the Martin Luther King Memorial Concert in Atlanta, and received nationwide an astonishing response for the power and majesty of that concert in January. National Public Radio binds us together as a Nation, as a democracy and as communities in unique ways. We are a membership organization, as you know, with more than 600 stations among our membership, more than 350 direct members. It is a unique organization that reflects the dynamism, the multicultural, multifaceted nature of our extraordinarily changing democracy.

As we go forward into the new era of digital, we go forward with the commitment with our colleagues in public broadcasting, understanding that NPR is not only a public service, but as Mr. Markey

said, a national treasure. It has a unique relationship to listeners and to citizens in this country, because radio is a unique medium.

As a former print journalist who has spent most of this decade in radio broadcast, I can tell you that the unique power of radio to reach people is that we are a companion to people. We are not just a neighbor or friend or information service, because radio is ephemeral, you can be doing other things in your lives while listening to the radio. It can present ideas to you with impact and continuity and contact with your life that cannot be matched by any other medium.

As we look forward in the digital age, we are reaching out with support of CPB and with the involvement and interactivity of our member stations to address the digital age in new ways. We recently signed a series of agreements with such digital partners as Microsoft, AOL Online, Apple and others to find new ways to present our powerful materials which help the Nation in its democratic dialog and present ideas and issues in unique and relevant ways. We have recently signed an agreement to create two channels of news and information and current affairs broadcasting and entertainment broadcasting on a new satellite radio corporation called CD Radio, which will be available soon in automobiles, new models, and as it is retrofitted into current models. We see that as an enormously promising new secondary way that we can reach audiences and bring audiences to our member stations in unique ways.

We also have created a very powerful presence on the internet. We will continue to develop our internet presence, so that member stations can find and link both to new partners in the internet cyberworld and also find audiences in new ways that will bring to those audiences the presence of our local stations in their own web site with powerful identities and powerful presences. National Public Radio must be a partner with many new partners in this new world, and we will go forward with your support, sir, and with the support of our colleagues in public broadcasting.

Thank you very much for this opportunity to testify.

[The prepared statement of Kevin Klose follows:]

PREPARED STATEMENT OF KEVIN KLOSS, PRESIDENT AND CEO, NATIONAL PUBLIC RADIO

INTRODUCTION

Chairman Tauzin, Congressman Markey and other members of the Subcommittee, thank you for inviting me to speak to you on behalf of National Public Radio (NPR) and the nearly 600 public radio stations airing NPR programming across the country. This is my first opportunity to address you since joining NPR as President and CEO in December of last year. As you know, NPR is a private nonprofit organization that produces and distributes shows such as *Morning Edition®*, *All Things Considered®*, *Performance Today®*, and distributes *Car Talk* and *FRESH AIR*.

We are also a membership organization, representing approximately 600 noncommercial educational radio stations throughout the United States. NPR member stations are independent and autonomous, licensed to a variety of non-profit organizations, communities, colleges, universities and other institutions. The majority of NPR member stations are licensed to educational institutions.

Thank you for holding this hearing and providing a chance to comment on the authorization of public broadcasting. Recently I was quoted in *Broadcasting and Cable* magazine, saying that NPR "is beyond public service—it's a national treasure." I truly believe that. We have been successful, working in partnership with our local stations, to intertwine national programming from NPR and other program-

ming sources with local voices and stories that connect listeners to their communities. Each member station is guided by the shared public service mission to educate, inform, entertain and designs its format to best serve its audience.

For over thirty years, public radio has set the standard for comprehensive and enlightened reporting, as well as the production of cultural programs that celebrate the human experience. Public radio is not driven by what will necessarily garner the highest ratings, rather, we are committed to reaching listeners in unique ways and promoting discussion on important subjects that may not otherwise receive mainstream attention. Through your support on a variety of issues, especially the funding challenge of a few years ago, we have been able to continue to produce and air programs that enrich, engage, and entertain the American public.

Like our friends in public television, NPR and its member stations are excited about the possibilities of digital service and "new media". We are eager to work with Congress in this area of new technologies. There are wonderful ways public broadcasting can better serve the American public by embracing developing technologies.

Five years ago we created a New Media department at NPR. Our goal was simple, to extend NPR programming into the online arena and create new interactive opportunities using the latest technology. Utilizing our resources and collaborating with third party partners, we are well positioned to expand our outreach to the American public, provide additional educational and information services for current audiences and work alongside our stations so that they can do the same.

Our main Web site now has about 300 thousand users a week who view nearly one million pages and listen (through their computers) to 200 thousand audio files. In the last year we formed strategic alliances with America Online and Yahoo. We are also working with Microsoft to help our member stations begin online audio streaming. The future is exciting and we will be a part of it.

Only weeks ago, NPR joined in an agreement with CD Radio that will enable NPR, member stations and independent producers to develop innovative programs for a national satellite radio service. Estimates place CD radio's potential audience in excess of 20 million U.S. listeners within five years.

The agreement with CD Radio offers many benefits to member stations including the opportunity to gain a national audience for locally-produced programs, acquire new listeners through cross-promotion, access research generated by CD Radio and NPR, and share in potential new revenues. NPR has already requested and received-program submissions from member stations for the new satellite radio channels, and will be requesting additional submissions in the coming months.

These initiatives have been taken with the concurrence of our Board of Directors, 10 of the 17 directors are station managers from across the country.

Public broadcasting has always been a federal/local partnership. We hope the final authorization legislation will continue to support and enhance this important partnership.

OBJECTIVES

Continued federal support through the authorizations of public broadcasting programs, specifically the Corporation for Public Broadcasting (CPB) and the Public Telecommunications Facilities Program (PTFP), as well as authorizing a new digital public broadcasting program, are vital to continuing the important work of public broadcasting.

Reauthorizing CPB—Thank you for recognizing the importance of reauthorizing CPB, which has been without an authorization since 1996. At that time, the amount approved for the program was $425 million. We support an authorization level of 40 percent of non-federal financial support, not to exceed $475 million a year for fiscal years 2002-2006.

CPB grants are essential to maintaining the vital role our stations play in their communities. The majority of CPB dollars designated for public radio go directly to local stations to support local programming, community outreach activities, and local artistic and cultural organizations. Funds from CPB allow public radio to reach underserved populations with programming such as radio reading services for the blind and quality news and cultural programming to rural communities often bypassed by cable and satellite services. In this day of consolidation of commercial radio ownership, there is an even greater need for the localism that has long characterized public radio.

According to the latest CPB "Public Broadcasting Revenue Report for Fiscal Year 1997", federal money accounts for fifteen percent of public radio's revenue, a small but important piece of the funding pie. The largest single portion of public radio revenue is from listeners' contributions, accounting for twenty-nine percent. Business support accounts for fourteen percent, universities and colleges nineteen percent

and foundations seven percent. Support also comes from state and local governments (five percent and three percent, respectively).

For Fiscal Years 1999 and 2000, public radio cost each American twenty-three cents a year. This is less than the cost of a public telephone call or an edition of most daily newspapers. A 1997 Roper Starch Worldwide poll showed, when given a choice of 20 services, Americans judged public radio and television the second and third best value in return for federal tax dollars spent. Military defense ranked first.

As stated earlier, after CPB administrative costs, almost all of the federal money is directed to local stations. Public radio receives twenty-five percent of the federal appropriation and public television receives seventy-five percent. Of radio's portion, ninety-three percent goes directly to local public radio stations. The other seven percent of radio funds remains in a CPB fund to support national programming through a competitive grant process. CPB funding assists public broadcasting stations to produce local programming and to purchase national programs.

Stations rely on federal funding to acquire a variety of quality noncommercial educational programming. Cultural programs such as *Performance Today*® offer listeners thoughtful insights into the world of classical music together with great concert performances.

To mark the dawn of the new millennium, NPR has begun airing a year-long series called *Lost and Found Sound*®. Two of the most notable installments aired so far were the "*Gettysburg Eyewitness*" and "*Lindbergh, Collie, and Me*". The former featured a unique recording of William V. Rathvon, who as a nine-year-old boy, watched and listened as Abraham Lincoln delivered his address at Gettysburg in November 1863. The story was told in 1938 and recorded on a 78 r.p.m. record. The second story showcased Minnesotan Xandra Kalman and her husband Collie, who were on vacation in Paris on May 21, 1927. It was her wish to be at Le Bourget Field when Charles Lindbergh landed there that day . . . and she was. She later told the story to her children and grandchildren and recorded it on audio cassette. Included in this series is the "Quest for Sound," a call to NPR listeners to send in their home recordings of sounds of the last one hundred years. Their contributions will be the basis of stories that capture the rituals and sounds of everyday American life over the last century.

For public radio, every federal dollar leverages over $5 from non-federal sources. That is a five to one return on the federal investment in quality programs and services, making it perhaps, one of the best investments of tax dollars. Federal money is crucial because it helps public radio stations plan, produce and acquire programs that attract non-federal funding sources.

Reauthorizing CPB for the amount and years proposed will help strengthen the system for the future.

Reauthorizing PTFP—Reauthorization of PTFP, the *only* federal capital improvements program for public broadcasting, is essential. This small but effective program is an excellent example of a public/private partnership that works. It operates on a matching grants basis and to date, it is the only federal program making funds available for the acquisition of digital equipment, while also maintaining analog service. It is administered by the National Information Telecommunications Administration (NTIA), within the Department of Commerce. It is fitting that PTFP resides with the agency charged with spectrum management and thus has the technical expertise to make informed engineering decisions, especially on a case-by-case basis. Its history makes it an excellent candidate to help public broadcasters transition from analog to digital broadcasting, without duplicating a spectrum technical staff elsewhere in the government.

One of the hallmarks of the program is its dedication to rural service. In fact, grants for bringing first service to a region are given the highest priority. According to NTIA, a public radio signal reaches 90% of America, while a public television signal reaches 95% of our nation's population. The technological revolution has yet to reach many of these regions, cable wires have yet to be laid and digital satellite service is still too expensive for wide-spread use. For these areas, public radio may be the only source of affordable news and cultural programming available.

Our NPR member stations are counting on PTFP to help them prepare for a digital future, while at the same time keep them on the air broadcasting in analog. Since 1984, the program has financed over 700 public radio projects, totaling nearly $60 million. Many of you serving on this subcommittee have had the opportunity to write in support of PTFP grants and understand the importance of continuing this operation.

Public broadcasting supports a PTFP reauthorization of $35 million in fiscal year 2000, $110 million in fiscal year 2001, $100 million in fiscal year 2002, $89 million in fiscal year 2003 and such sums as may be necessary for 2004.

Authorizing a Digital Public Broadcasting Program—The inclusion of a substantial digital authorization will be a key element of this legislation. We are excited about our move into the digital age and the opportunities and challenges before us. As you know, public broadcasters estimate that the total digital conversion will be $1.7 billion.

So far public radio has identified an estimated $70 million in digital broadcast related costs. Our early numbers indicate $60 million is needed to assist in public radio's conversion to digital transmission and at least $11 million to help stations defray tower dislocation costs and maintain analog broadcasts.

Digital Radio—While public television is operating under a mandate to convert to digital broadcasting by 2003, public radio has no similar directive. However, a decision on digital radio transmission technology is just around the corner. Currently, the U.S. is in the process of developing a technical standard for digital radio with efforts centered on In-band, On-Channel or "IBOC". Conversion to digital transmission as is now occurring in Europe, Canada and Australia, however, is only a part of the final link in the digital revolution taking place worldwide. As the communications marketplace experiences even greater growth, public radio must be poised to take advantage of new and emerging digital production, transmission and distribution technologies that can offer programming services to listeners in ways not previously imagined.

The transmission technology currently at the forefront is commonly called "Digital Audio Broadcasting" (DAB) which delivers compact disc-quality sound free of interference and noise to listeners. DAB will allow radio stations to upgrade their delivery of audio programming. For example, digital radio will provide more reliable AM and FM transmissions, less subject to the effects of geography, terrain and man-made interference. This feature is particularly important in rural areas, where there would be little or no broadcast service without public broadcasting. Moreover, digital will permit public stations to transmit "smart radio" signals that deliver data messages along with the audio program. Digital data may be used to provide continuous specialized information, such as weather, traffic, music titles, program or emergency information on a local basis, in a wide variety of forms, text, audio and graphics.

Impact of DTV on public radio—Allow me to explain about the impact of DTV conversion on public radio stations. Congress' mandate to convert television stations to DTV will result in many radio stations currently co-located on a television tower having to move from these leased towers. Many public radio stations' transmitters are located on broadcast towers owned by television stations.

As television stations convert to digital, they are adding new digital transmitter antennas to their existing towers that enable them to launch digital broadcasts. Meanwhile, television is required by the government to maintain existing transmission equipment on these towers in order to continue offering an analog service. If there is no room left on a tower or if it is unable to support the combined weight or size of the new and the existing transmitter antennas, public radio stations will be forced to move. There are two options, lease space on another tower or build a new one.

Although it is still too early to know all the factors involved in such forced relocations, our stations surveyed report at least $11 million in costs overall to maintain current broadcasts. Again, this cost estimate will surely change as DTV conversion progresses and radio stations have a better sense of their tower situations. The actual costs will depend on the actions of other commercial and public television and radio stations.

CONCLUSION

Public broadcasting is poised to deliver bold new services through new technologies, but our goals cannot be realized without continued federal financial support. Passage of legislation that includes CPB and PTFP reauthorization, as well the creation of a new digital public broadcasting program will demonstrate your commitment to public broadcasting's future. We do not want to be left behind; the investment is too great, the potential too enormous to ignore. As we approach the dawn of a new millennium, public radio looks forward to working with you to create an even more dynamic and vibrant system to serve an ever-expanding listenership in our ever-changing America.

Mr. TAUZIN. Thank you, Mr. Klose.

Next we have David Brugger, the President and CEO of America's Public Television Stations. David, welcome, and we welcome your testimony, sir.

STATEMENT OF DAVID J. BRUGGER, PRESIDENT AND CHIEF EXECUTIVE OFFICER, AMERICA'S PUBLIC TELEVISION STATIONS

Mr. BRUGGER. Thank you, Mr. Chairman. I represent America's public television stations across the country. We thank you very much not only for your introduction but for Mr. Markey's co-sponsorship and all of the co-sponsors today who are signing onto this bill.

It is certainly a critical need. Like Congress, public broadcasters are rooted in their local communities. I spend a lot of my time, probably a good 40 percent sometimes, more of my time on the road, working with local boards and local stations. A lot of my job is to work with them in terms of facilitating their own strategic planning. I listen to their concerns, I work with them on helping them plan for the future in terms of being a resource of what is going on, what the expectations are from Washington, and listen to what their expectations are.

A lot of times I think we forget that these are just local citizens who are volunteering their time, thousands of them on the board and hundreds of thousands of them who are volunteering their time for all kinds of work at the local stations. They are involved not just to help raise money. They are really involved because they are concerned about the services, how is their community going to be represented, what kinds of local productions can they do that will help all of the institutions in their community. Many of the boards are very representative of all of their communities in terms of the social institutions, the businesses, and others who care about public media.

What they are looking for, of course, is also the Federal participation. They know what they can raise and what they are doing at the local level, they know how they are helping to get dollars from their States. But they are very concerned about the critical funding and the leverage that Federal funds support, and the matching basis that they can then use as a Federal commitment to go out and raise other funds.

That is why this reauthorization is so critical, especially for stations in the smallest communities. For some of the larger stations, it may represent about 10 to 14 percent of their budget. When you get out into the small stations in the rural communities, you're talking about going up to 40 percent of their budget are the Federal dollars that they are now getting in community service grants through the Corporation for Public Broadcasting.

That is why this bill is so important. Because it really looks at three different components here. It has the CPB community service grant. It has the funds that stations are using for local programming in terms of their local community, the production costs and the way to help them survive and to get PBS services.

They are also looking at digital television. Somebody mentioned before that we are looking at a three-pronged effort here. We are looking at $770 million from the Federal Government as a matching fund, out of a total of $1.7 billion that the stations have to raise in order to convert to digital. We are also looking at what the possibilities of that are. As I work with station boards, they are planning right now on what they can do with all of those channels.

They are looking at children's channels for preschool. They are looking at K-12 in terms of high school education, college credit courses that they want to work with their local community colleges and other universities in helping the adult learner continue their education.

They are certainly looking at the local public affairs possibilities. They have sort of what they are calling the state span or city span sometimes with the school boards and a lot of the other institutions in town, so that the citizens of that community can learn more about their public institutions and be more involved as responsible citizens.

They are also looking at the possibilities for interactive data, for the teacher support, for the outreach that they are able to do with other community institutions as they fight youth violence, drug abuse and other issues in their communities.

The third component, of course, is the facilities program that has been so key to all of the stations over the years. The facilities program started in 1962, even before there was a Corporation for Public Broadcasting, helped start to build the steel and wire structures that are broadcasting to your local communities. Now we are looking again for that kind of matching help, so that stations can really serve their communities with this kind of digital technology in sort of the unlimited ways that we do not even know at this point all of the possibilities that this technology can bring to local communities.

So we thank you very much for this bill, and we thank you for recognizing the critical needs of the stations.

[The prepared statement of David J. Brugger follows:]

PREPARED STATEMENT OF DAVID BRUGGER, PRESIDENT AND CEO, AMERICA'S PUBLIC TELEVISION STATIONS; BETH COURTNEY, PRESIDENT AND CEO, LOUISIANA PUBLIC BROADCASTING, CHAIRMAN, BOARD OF TRUSTEES, AMERICA'S PUBLIC TELEVISION STATIONS; AND DAVID LIROFF, VICE PRESIDENT AND CHIEF TECHNOLOGY OFFICER, WGBH EDUCATIONAL FOUNDATION, BOSTON, MEMBER, BOARD OF TRUSTEES, AMERICA'S PUBLIC TELEVISION STATIONS

I want to thank you, Mr. Chairman, and the members of the subcommittee for your past support for public broadcasting. Local stations have built a priceless asset—a public broadcasting system that reaches virtually the entire country over the air and free(and brings educational and informational programs to urban and rural America with the help and support of Congress.

Like members of Congress, public broadcasters are representatives of, and deeply rooted in, our local communities. We are responsive to the unique concerns of our citizens—from urban neighborhoods to rural countryside and everything in between. With the help of this committee, public broadcasters will continue to hold their place in this aggressively commercial multimedia culture as the one publicly supported, nonprofit institution dedicated to education, culture and citizenship.

I am testifying today to ask the subcommittee to reauthorize two very important programs for public television—the Corporation for Public Broadcasting (CPB) and the Public Telecommunications Facilities Program (PTFP), and to create a new grant program to assist public broadcasters in the conversion to digital broadcasting.

The Prologue

With roots going back to the earliest days of radio and television, America's public broadcasters have played a unique role in a media industry otherwise built on consumer advertising and mass market entertainment. Into the 1960s, as television evolved into three major networks and a handful of independent commercial stations, publicly funded television provided the one clear alternative, focusing on education and culture, public affairs and the performing arts. In 1967 Congress passed the Public Broadcasting Act as an amendment to the Communications Act of 1934.

With this legislation Congress laid the cornerstone for the future of noncommercial educational broadcasting.

Of course, commercial television had popular shows and beloved characters—the best of them are woven into the fabric of our culture. But only public television could introduce children to a Mr. Rogers, Big Bird or Kermit; provide a front-row seat at Masterpiece Theatre, a day on a Civil War battlefield or a night at the opera. Freed of commercial constraints, public broadcasting forged an award-winning record of educational value and pioneering innovation built on quality—a quality that viewers appreciated and to which other broadcasters aspired.

Now, with the advent of powerful new digital technologies, the media world has begun a new, exponential expansion—allowing the commercial marketplace to slice the audience into even smaller niches. But if past history and recent experience are any guides, more channels don't necessarily mean more quality choices.

The Digital Age

The world of media and telecommunications is undergoing an historic transition to a new technical standard of digital broadcast. Unlike today's broadcast system, digital technology allows a quantum leap in the amount of information that can be sent at any one time on a single channel. Many think of digital as "High Definition TV"—a movie screen-like picture of breathtaking clarity and detail. But those of us in public television are even more excited about the other features of digital technology.

For public broadcasting, the expanded digital spectrum allows us to break free from today's technological limits on the amount and variety of educational programming we can make available to Americans of all ages.

For example, a local public television station could—on any given day—broadcast a slate of award-winning learning programs like *Arthur, Barney and Friends,* and *Sesame Street*—all designed to help pre-school children develop the social and intellectual foundations for success in the classroom.

And during the very same hours, the same station could broadcast a whole curriculum of high-school and college-credit and professional development telecourses—from American history and plant biology, to marketing communications and social psychology—all designed to put lifelong learning within reach of every adult in America.

At the same moment, the same station could also provide regular coverage of state and local government, congressional town meetings and school board debates—all designed to help restore a sense of active citizenship that's essential for a healthy democracy.

That same station could continue to broadcast an eclectic mix of programs that entertain and enlighten, inspire curiosity and improve daily life. All of these programming choices would come with an interactive stream of data—from study guides and classroom materials to expert advice and legislative information—transforming the TV set from an appliance for passive viewing into a tool for active learning.

> Mississippi ETV is one of at least seven public television stations currently broadcasting an experimental digital signal. Digital television will not only offer additional channels for TV programs but will also allow for expansion of current services and provide avenues to reach out to audiences beyond broadcast via electronic technologies. For example, Mississippi ETV is currently developing a CD-ROM to accompany the linear ITV (Instructional Television) series *Media Mania.* With digital technology, the CD-ROM can be accessed through enhanced TV along with the television lessons. Web site development to provide additional information about the programs adds to the impact of traditional TV productions.

An Unfunded Mandate

For the entire television industry, the eventual promise of digital may be great, but the start-up will take a major capital investment in new transmitters, cameras, videotape decks and other expensive equipment. Implementing the 1997 budget reconciliation legislation, the Federal Communications Commission has determined that public television stations must begin broadcasting a digital signal by 2003. The public broadcasting industry estimates the total cost of conversion to be $1.7 billion.

Public television stations are seeking $770 million over five years in federal assistance, about 45 percent of the total estimated conversion costs. We are seeking funds through the Public Telecommunications Facilities Program (PTFP) at the Department of Commerce as well as the Corporation. The PTFP funding will help local stations to construct basic "pass through" facilities. For a station to customize a national program schedule to meet the needs of its local communities and to insert

its own programs, however, additional "local insertion" equipment will have to be installed. Stations are seeking the funds for this equipment through the additional funds requested at CPB. These funds will also assist in the production of new digital programming.

It is imperative that public broadcasters get a significant commitment from Congress this year in the form of an authorization. Some stations have already started to convert in order to comply with the FCC deadline and will need federal assistance to complete their efforts. These stations also are incurring the additional costs of broadcasting in two formats. Other stations, especially those in small towns and rural areas, cannot even consider major equipment purchases until they obtain a firm financial commitment from Congress. Without federal help, these stations will not be able to construct digital facilities and will go dark after the transition period when Congress reclaims their analog channels.

To fulfill this mandate, public broadcasters are doing their part, seeking financial support from a range of public and private sources—foundations and corporations, loyal viewers, entrepreneurial endeavors, and state and local government partners. To date, public TV stations have raised more than $160 million from state and local governments to enable their transition to digital.

Individual stations are undertaking major fundraising campaigns to raise the majority of capital needed to meet the conversion mandate. But fulfilling the public service goals for digital TV clearly depends on the federal government playing its historic leadership role in committing funds. Federal support sends a signal to these potential funders that there is indeed a real and urgent need for support to ensure the viability of public television in the digital era.

For publicly chartered, nonprofit institutions, which, by design, lack access to private capital markets and commercial advertising revenue, the digital transition presents a dangerous double bind. Diverting resources from existing educational programs that these funders already support threatens services on which Americans have come to rely. But failing to make the investment would mean many would be denied the enormous educational promise of digital television.

Reauthorizing public television funding, including a special authorization of $770 million (over five years) to help defray less than one-half the cost of the digital transition, is more than a matter of the public need or federal responsibility. It is essential to ensuring that this remarkable new technology fulfills its advertised potential for improving the lives of American families and communities.

For more than three decades Congress has made a long-term capital investment in a technologically competitive public television system. Since 1962 it has provided funding for a facilities program, initially as a result of the Educational Television Facilities Act of 1962. Currently, the Public Telecommunications Facilities Program (PTFP) is administered through the Commerce Department's National Telecommunications and Information Administration (NTIA).

Between 1991 and 1993 Congress made an additional investment in a new national satellite interconnection and in the local facilities needed to make it work. This has been a wise investment in American communities, as local public stations have used these facilities to provide valued educational and public service programming. It makes no sense to allow this unique resource to wither when the potential future benefit is even greater. This year Congress also appropriated money for the replacement of the NPR satellite that failed last year.

Innovative Uses of Technology in the Public Interest

Public television's values will not change in a digital world. We will build on our track record of providing the best programming and services to educate and enlighten audiences. We pioneered the nightly in-depth news discussion program, the dramatic mini-series and the history and science documentaries that have all been copied on commercial broadcast and cable networks. We also will continue to be a leader in using new technology for the public interest. Public television was the first to provide closed captioning, the first television network to have a digital satellite distribution system, the first to use descriptive video for the sight impaired, and the first to develop descriptive video and stereo broadcasting. In fact, WTTW Chicago was the co-inventor of stereo broadcasting (with Telesonics) and was the first television station to broadcast in stereo.

Public broadcasters are already developing prototype educational applications for digital technology without regard to whether the application has quick or guaranteed financial return.

> In Chicago, WTTW will be able to extend the outreach of its community programming initiatives 100-fold, allowing for greater viewer access and interaction. Digital technology will position WTTW as a central learning hub linking it with other institutions throughout Illinois to strengthen their respective mis-

sions. For example, WTTW's arts programming (including its award winning weekly series, *Artbeat*,) can be linked digitally with the Art Institute of Chicago and other web sites, allowing viewers to print out materials on a related topic directly from their digital television printer or computer.

Local public television stations and PBS have joined together to create the award winning PBS ONLINE, one of the largest and most popular Web sites anywhere on the net. We have more than 30,000 pages of information related to public television programming and links to companion sites, as well as a wealth of original material that encourages both informal and formal learning. With digital television, this material can be made available to all Americans.

Children's Educational Services

Public television continues to be honored as the leader in quality, educational, non-violent programming for children. Local public television stations implement the PBS Ready to Learn Service by combining seven to nine hours per day of quality children's programming with the kind of hands-on human outreach that is essential for effective teaching and nurturing of preschoolers. It's specifically designed to ensure that every child arrives at school with the basic tools necessary for success in the classroom.

The Ready to Learn Service has grown to 127 participating stations reaching more than 93 million homes. In the past four years, Ready to Learn stations have conducted more than 8,572 workshops in their service areas. Local station outreach coordinators have trained more than 300,000 parents and childcare providers, caregivers and educators to use the programs to reinforce learning skills ultimately reaching an estimated 37 million children across the country. With digital technology Ready to Learn and other K-12 services can be expanded and enhanced.

The KQED Educational Service in San Francisco operates one of the largest instructional television (ITV) services in the country, serving 2,500 schools, 28,000 educators and over 620,000 students with hundreds of video programs. With teacher input on the selection of programs, KQED licenses and broadcasts more than 80 instructional television (ITV) series—over 1000 individual episodes.

In Southern California, KCET sponsors the Ready to Learn Preschool Education Project, a comprehensive educational outreach project that focuses around multiple PBS children's programs such as *Sesame Street, Storytime* and *Puzzle Place.* Over the past five years, the KCET Community Relations and Outreach department has been actively working with families in the community to motivate young children to learn. KCET is particularly invested in helping children from low income or limited English speaking communities and in enriching the knowledge and educational resources of preschool and elementary educators and childcare providers who serve these children. To date, through its Ready to Learn Service, KCET has conducted over 111 teacher training workshops in both in English and in Spanish, trained over 3,650 teachers and in turn reaching over 22,000 children in Southern and Central California

Mississippi ETV's Ready to Learn service is designed to help parents, teachers, and other caregivers use public television to help children love learning, thereby advancing the national education goal that all American children start school "ready to learn."

In one three-month period Mississippi ETV conducted 23 statewide workshops reaching 1,056 participants and distributing 700 books to children. In K-12 education (from 1994 to 1997), Mississippi ETV helped to train 16,000 teachers in 1,270 schools and reaching over half a million students.

Partnerships help Mississippi ETV extend its reach. For example, in conjunction with NASA /Stennis Space Center, Mississippi ETV has provided teacher training and sponsored the Interactive Video classroom and Remote Sensing Awareness Project. Working with Mississippi State University Mississippi ETV has developed a web site for online Calculus.

Studies conducted with children, families and caregivers who have participated in Ready to Learn show that parents who have attended a Ready to Learn workshop read with their children for longer periods, read more for educational or informational purposes and took children to the library or bookstore more often than they had prior to the workshop. Parents and children do not get that kind of hands-on support from commercial broadcast or cable networks.

Highest quality, non-violent programs

Earlier this month Congress engaged in a significant debate on the possible contributing factors to a culture of youth violence. We commend Congress for devoting time and thoughtful discussion to this important and timely topic. We respectively suggest to this committee that continued support for public television be considered

as part of the answer. The actions of this committee can provide parents with a guaranteed safe haven and alternative to commercial media.

In recent years, a level of violence and vulgarity that would have been unimaginable in previous generations has coarsened our popular culture. From "Jerry Springer" and "Mortal Kombat" to Marilyn Manson and "gangsta rap," much of what kids see and hear in the commercial media presents a special challenge not only to responsible parents, but to everyone who cares about the education and early development of our young people. For they see the effect in the classroom and schoolyard, on city streets and suburban malls—in a decreased receptivity to learning, a lessened respect for authority and a diminished regard for distinction and greatness. Indeed, even as crime rates have come down, youth violence continues to grow.

The quality of our popular culture and its corrosive impact on children is a concern that transcends politics and party labels. And whether or not one looks for answers in more responsible parenting or more responsible leadership in the movie, music and television industries, one demonstrable, unalterable fact remains: public television is the one and only place parents can depend on for quality, educational, non-violent programming for children.

The public television's line-up of children's programs was honored with more children's Daytime Emmy Awards in 1998 than all of the commercial broadcast and cable networks combined and just recently received more awards than any of the cable and broadcast networks at the 1999 Daytime Emmy's. It's a line-up of programs that doesn't need warning labels. Instead, they offer welcome mats of educational value to children and safe harbors for concerned parents. While the commercial broadcast networks strain to meet the FCC requirement of three hours of high-quality, educational programs per week, most public television stations broadcast seven to nine hours of quality children's program per day.

Public television programs are created and produced to teach children how to read and do math, learn history and science, as well as help them develop the critical skills to learn from adults and interact with their peers. The Annenberg Public Policy Center of the University of Pennsylvania, in its June 1998 analysis of children's television, found that "PBS was the only venue that was virtually violence-free in its children's programming."

A recent addition to the Ready to Learn schedule is "Zoboomafoo," a new wildlife series for preschoolers. It was created by the Kratt Brothers, hosts and creators of the internationally acclaimed "Kratts Creatures." The "Zoboomafoo" Web site goes beyond the traditional uses of interactivity, featuring sound and animation, songs and animal games and is proving especially popular with young children.

In short, at a time when a primary focus of our national concerns and public investment is on improving the lives and futures of the youngest Americans, there is no better investment than in the only Digital TV system that truly puts children first.

Adult Learning and Training

Public television actively contributes to the competitiveness of our nation's economy and to workers' productivity by providing a variety of educational services and programs for adult learners. Nearly 90 million American adults lack the higher level reading skills frequently demanded in the workplace.

The GED ON TV program is an excellent example of what public television does best. Produced by the Kentucky Network since 1975 and currently offered by 54 percent of public television stations, the GED ON TV series has had a tremendous impact on the nation's economy. Over the past five years, more than two million people across the nation have enrolled in GED ON TV. The estimated economic impact of these more productive workers exceeds $12 billion.

Following state budget cuts, the Georgia Department of Corrections started to offer GED using the KET programs. Today the course is offered at 18 male and three female institutions. Last year 3,200 inmates took the test. They also use KET's "Teach an Adult to Read" series which helps inmates become tutors, resulting in "an increase in self-esteem," among inmates.

• Louisiana Public Broadcasting even offers courses to help teachers teach better. The *PBS Mathline* online service helps math teachers learn new teaching skills and incorporate National Council of Teachers of Mathematics (NCTM) standards through video clips demonstrating best practices and electronic messaging with peers around the country.

• *Project Interact,* a joint effort of LPB, Southeastern Louisiana University and the Louisiana Department of Education, is a satellite telecourse that helps teachers become certified in Special Education.

• Through the *National Teacher Training Institutes,* LPB demonstrates hands-on, interactive ways to use online technology and instructional video in math and science classrooms. LPB also houses the Louisiana Educational Technology Resource Center, established by the legislature in 1996. The LETRC helpdesk assists teachers and administrators with questions about implementing technology in their schools. LETRC also provides free, hands-on Internet training for teachers in the eight-parish Baton Rouge area.

In the future, with the expanded educational possibilities of Digital TV, the long-term impact on the nation's economic productivity can be extraordinary.

The U.S. Department of Education has committed $15 million to the five-year PBS initiative "Literacy Link," which will combine video and on-line service to help those adults improve their learning and workplace skills while providing teachers with on-line guides to materials; video conferences and other professional development aids.

Every year distance-learning telecourses are broadcast by public TV stations and beamed by satellite from PBS and the CPB/Annenberg Project to two-thirds of the colleges and universities in the United States. In 1998-99, roughly 500,000 adult degree candidates participated in those courses—a marvelous use of technology on a scale unimaginable only a few years ago. Since 1981 more than 4 million adults have earned college credit using public television's Adult Learning Service telecourses.

A particular project of the PBS Adult Learning Service is one called "Going the Distance," which enables students to earn a degree through college credit telecourses. During 1997-98, 62 public television stations in partnership with 180 colleges in 40 states offered the service and the first student to earn a college degree using Going the Distance courses graduated in May 1998.

CONCLUSION

For more than 30 years Congress has invested wisely in public broadcasting. We now have a strong system of public television stations that reaches 99 percent of American households, giving viewers tools to improve and enrich their lives.

As we move into the digital era and a new millennium, the potential for expanded lifelong learning opportunities for all Americans using the resources and expertise of public television is limitless. We urge this committee to renew its leadership role and authorize funding for CPB, PTFP and digital conversion to ensure that public television stations remain viable in the 21st century.

Thank you.

Mr. TAUZIN. Thank you, David.

Next, clearly one of my favorite presenters of all time, Ms. Beth Courtney, President of Louisiana Network. Beth is not just my favorite naturally, but we have to be friends, she is now in possession of the most dangerous bit of video tape that I have ever produced in my life. Beth, I promise to be your friend forever if you will never make copies of that thing.

Ms. Courtney.

STATEMENT OF BETH COURTNEY, PRESIDENT AND CHIEF EXECUTIVE OFFICER, LOUISIANA NETWORK

Ms. COURTNEY. Mr. Tauzin refers to, one of the things we do of course around the country is we do public affairs programs. We had a conversation about various forms of tax reform. I have wonderful video tape on him that indeed, as you go out in live television, it is an exciting opportunity but fraught with difficulties.

I will tell you, it is a pleasure to be here this morning. I was there at a hearing that was not quite as friendly. Many of us remember that. Mr. Burton and I were both testifying, it's where I called him Geordi, I was humiliating my daughter the entire time by calling him by the wrong name. I'm glad to have the opportunity this morning to actually speak to all of you and thank you so much for your support.

Mr. Chairman, Mr. Markey, and the other members of this committee, it is a wonderful opportunity to be here to tell you how excited we are about this new digital environment, and also to tell you that we are making active plans. One hundred seventy-five million dollars has been committed by 21 States already, looking to you for some sort of also Federal match in this exciting partnership. In Louisiana, we just ended our session, yes sir, no sir, yes ma'am, no ma'am, we're polite in Louisiana. And they also appropriated $3 million for our conversion, with a commitment to do even more.

We have had commitments from Alabama, Arkansas, Maine, North Carolina, Connecticut, Illinois, across this country we are planning for that digital conversion. And we are committed to using it to address issues and problems of concern across this country.

I was thinking as we were discussing the problems of violence, and I know you all have had many concerns about how we might address some of the difficult situations we have been having in this country. But you know, when the Littleton situation came forward, we had already produced a documentary for teachers to use with a teacher guide on conflict resolution and how you handle violence. We fed it out especially for teachers across the State. We had teacher guides for them to have conversations, for parents to use. We were already prepared, because that is the business we are in. We want to use this powerful medium, media now, to do good things in our States.

I guess a couple of key examples, we have along with our colleagues in Mississippi, chosen a couple of the poorest parishes, the poorest counties in Mississippi, where we are trying to infuse technology into the curriculum. In Catahoula Parish, and you know that has great difficulty, we have been working with them to use web services, public television programs, teacher training for the internet. We have now raised the scores above the national average on the fourth grade Iowa tests. Measurable results, I think something that is very important for all of us to do.

The other thing I guess I as thinking is, I think we are constantly in public broadcasting in an election cycle, something all of you can appreciate. Our record is on the line, we are examined and criticized, sometimes we are praised, and we are constantly raising money.

I think that is what we are all about in public broadcasting. But what we are trying to do is good, as I know you all are. We are trying to make a difference in the lives of the people of this country.

I always try and bring you one good story. Last time I talked about a young man who had never been outside the State who watched Where in the World is Carmen San Diego. The new story I have for you is a young man came back to Louisiana in December to do some duck hunting, something they are wont to do, all of our husbands do. And I would say that this young man, Paul Groves, flew into December just from the stage of the Metropolitan Opera, where he was starting in The Magic Flute, to do a little duck hunting and sing for his friends.

At this small gathering in Lake Charles, Louisiana, he stood up and he said he was introduced to opera on public broadcasting. He thanked me before everybody there and said, that's where he was given his inspiration to want to do this.

If we can inspire people, if we can make a difference because we have prepared to deal with violence and conflict, then we are serving our trust for you.

But it is going to be exciting and difficult for us to get over this next big hump for digital conversion. Because the cost to convert for some stations is more than their annual budget. So it is a big chunk for us to be doing.

But we are planning, appropriating and building. And with all of your help, because you are the people who understand this new technology, we have been trying to explain it to my legislators, and I have sort of succeeded. But what we have to do is share the complexity and the possibilities of this with everyone. And I thank you so much for your support.

Mr. TAUZIN. I can just imagine, Beth, your trying to explain high technology to Hunt Downer. He's the speaker of the house.

Ms. COURTNEY. But they appropriated.

Mr. TAUZIN. A former roommate of mine, a real low-tech guy, I must say. He's said worse about me, I'm sure.

We are now pleased to welcome Mr. David Liroff, Vice President and Chief Technology Officer of WGBH Educational Foundation in Boston, Massachusetts. Mr. Liroff.

STATEMENT OF DAVID LIROFF, VICE PRESIDENT AND CHIEF TECHNOLOGY OFFICER, WGBH EDUCATIONAL FOUNDATION

Mr. LIROFF. Thank you, Mr. Chairman. I am delighted to be appearing in support of this bill. I would like particularly to acknowledge Mr. Markey's long-time support of public broadcasting and of WGBH. Your support has been instrumental in helping us to serve both New England and the Nation with public service media for many years.

Just as the Telecommunications Act of 1967 allowed the fledgling Public Broadcasting Service to emerge in the analog world, this bill will be a foundation for public service media in the digital world. I would like to direct my comments specifically to the provisions of the bill which authorize digital funding to be administered by CPB and by PTFP.

The authorization for these programs, which are $415 million for CPB and $334 million for PTFP, totals roughly 45 percent of the estimated digital conversion cost for public broadcasting. These figures are based on an exhaustive study that was done by the PBS engineering committee in 1997, and it included a survey both of commercial and public broadcasting transition costs. It would cover the basic pass-through transmission, allowing local stations to pass through a network signal, master control equipment to incorporate local content, production equipment, digital television operations and radio conversion as well.

The money authorized for PTFP will be used for competitive grants for basic pass-through transmission facilities. While they are a good start, the amount of money in the PTFP authorization simply will not be sufficient to cover 45 percent of the pass-through

costs of these facilities. Again, these pass-through facilities will not allow local stations to provide the local public services so critical to their communities.

So the additional digital funds authorized to CPB are critical to enable stations to both construct digital facilities that will allow for local insertion of multiple program streams and then make full use of this capacity by providing multiple programming streams and enhanced television services. At WGBH, for example, in addition to general audience programming, we are planning to provide enhanced interactive educational program services for children, educational and instructional programming for use in area classrooms, which will be complete with teacher guides and supplementary study guides for students, formal and informal adult learning opportunities and expanded coverage of the activities of the State legislature and Massachusetts public affairs.

So this will provide not only for the pass-through capability, but also the capability to develop, to produce and to distribute local content as well.

I will be happy to address any questions that you may have particularly on the digital facilities needed and their cost.

Thank you.

Mr. TAUZIN. Thank you, Mr. Liroff.

And finally, Mr. Jeffrey Chester, Executive Director of the Center for Media Education in Washington, DC. Mr. Chester.

STATEMENT OF JEFFREY A. CHESTER, EXECUTIVE DIRECTOR, CENTER FOR MEDIA EDUCATION

Mr. CHESTER. Thank you, Mr. Chairman, Representative Markey, other members of the committee. We are delighted to be here today.

We strongly support and praise your bill which would reauthorize the Corporation for Public Broadcasting, ensure that public television and public radio make the transition to the digital age, and increase the funding for the digital transition. We have been pleased to be able to work with the committee over the last few years on a number of issues critical to children's programming, including educational programming for children's television, the V-chip guidelines and more recently, the Children's On-Line Privacy Act, which was passed last year.

We do hope that you will consider some of the many sage proposals you had in the previous bill for public broadcasting, particularly exploring the need for a trust fund and also to ensure meaningful underwriter reform. There is no question that commercialism, as Congressman Markey said this morning, creeping commercialism, is having an impact on the quality production of information on public radio and public television. I would like to include in my testimony an article recently co-authored by Dr. Alvin Poussaint of Harvard, who offers a very biting critique of the influence of commercialism on the children's programming block.

Mr. TAUZIN. Without objection, that will be included.

Mr. CHESTER. I think it is something that everyone really should read.

Today, I am afraid we were not able to get a VCR here, but I could show you, I am also the father of a 6-year old, I want to

make it very clear, my child loves public broadcasting, it's one of the few things I allow her to watch. We live with it every day. I also appreciate the programming on public television and public radio.

But increasingly, much of what we see in terms of underwriting on public television programming for children is more like advertising. Indeed, there are practices going on in public television and in public radio that more are akin to what we see selling commercial time, in the commercial entertainment media. I don't know if any of you have young children, and I wish I could show you the Chuck E. Cheese, I can't act it out here because you would drag me out, but these are underwriter spots that are clearly designed as ads. There is a way to design these spots so they appeal to the adults. But when your child, when the little Juicy Juice squiggles around and all of a sudden your 5 year old turns to you when you're in the grocery juice, I want Juicy Juice, I want Chuck E. Cheese, clearly there is a better way to do this.

In addition, a lot of stations are also running, in addition to the national underwriting spots, they are running local spots. So increasingly the children's block is filled with these underwriting promotions. There are all kinds of tie-ins for licensed products. I don't know if any of you have watched the pledge breaks where they say, oh, go get your parent, and all of a sudden they hold up the Barney doll you can get for $40. Well, the Barney show just ended, or the Arthur doll, there is a lot of marketing going on that we think is inappropriate to the children's block.

I think we also have to be concerned about commercialism as we move into the digital era. It is not too soon for public radio and public television to address to the Congress how they are going to ensure that they are going to be non-commercial with this interactive media system. Now, if you go on the pbs.org web site, this is the PBS kids Arthur page, you go and click on the underwriter logo, let's do Juicy Juice. If you go to pbs.org/kids, and then you go to Arthur, which is a very popular program on public broadcasting, you will see this. This is the Arthur home page, you can play with Arthur's pals.

But you can also end up with, there are hot links on the web page directly to the underwriters that appear more like advertising to me. Let's say you click on Juicy Juice, and that says you are now leaving PBS. This is supposed to be a separator, but it is not effective. It does not really tell the child that they are about to go into an ad. All of a sudden, if the child hits Juicy Juice, they are told, well, gee, if you drink about 50 gallons of juice, we'll send you some free books. You earn points and as many points as you get, you can get books. Then, and this is not clear, this could violate the intention of the On-Line Privacy Act, all of a sudden there is a form that pops up asking for all kinds of personal information.

Then if you click on another underwriter, all of a sudden, and you don't really even see any screen shots, it's really just an ad for Frosted Alphabets and marshmallow, and it tells the kid in kids language, this is really good to eat.

It is not too soon, as I said, for public broadcasting and public radio to enact safeguards and policies to ensure that not only do

they restrict the kinds of commercialism going on on the broadcast platform but also the new digital platforms emerging.

Thank you.

[The prepared statement of Jeffrey A. Chester follows:]

PREPARED STATEMENT OF JEFFREY A. CHESTER, EXECUTIVE DIRECTOR, CENTER FOR MEDIA EDUCATION ON BEHALF OF CENTER FOR MEDIA EDUCATION

INTRODUCTION

Mr. Chairman, Rep. Markey, and other Members of the Subcommittee, thank you for inviting me to testify before you today. I am Jeffrey A. Chester, Executive Director of the Center for Media Education, a national nonprofit and nonpartisan organization. The Center's mission is to ensure that the electronic media effectively serve the interests of children, youth and their communities.

We have been privileged to work with this Subcommittee in the past, on such issues as children's educational programming on commercial broadcast television, effective Parental Guidelines for the V-Chip, and protecting children's privacy on the Internet.

I am particularly pleased, Mr. Chairman, with your proposed Reauthorization of the Corporation for Public Broadcasting (CPB). Under the bill, CPB will be given a substantial increase in general funding, as well as special support to help ensure public broadcasting make an effective transition to digital communications. Noncommercial television and radio programming continues to play a critical role in ensuring that the public receives quality and often in-depth news and information. Most notably, public broadcasting has provided children (as well as their parents, teachers, and caregivers) with thousands of hours of well-made and effective educational programming. The mission of CPB—and the local and national noncommercial programming it supports—is as vital in the digital age as it has been over the last thirty years.

As the Members of the Subcommittee well know, public broadcasting is available to almost everyone in the U.S. with a television. Regardless of income or geography, noncommercial TV and radio provides its services to the public. Unlike cable, satellite television, or the Internet, access to public broadcasting is free. As the system moves into digital communications, we expect that it will expand its free services to the public, providing Americans with bountiful, interactive access to news, public affairs, education, arts and culture. But in order to ensure CPB and the system fulfill their potential in the digital age, it is important that they incorporate a number of new policies.

That's why, Mr. Chairman, we hope that as the bill moves forward you will consider incorporating many of the thoughtful reform proposals you and Rep. Markey made jointly last year. One of the key areas concerns underwriting. As has been noted, "creeping commercialism" has had a demonstrable impact on the public TV and radio system. Many experts have observed that commercial considerations appear to have influenced programming decisions, raising serious concerns about the system's editorial integrity. An extraordinary, well-produced three-part series on the program "Marketplace" recently examined the role underwriting plays in public radio (http://www.marketplace.org/features/underwriting/). A recent article in *American Prospect* (http://epn.org/prospect/44/44linn.html) by Susan E. Linn and Alvin F. Poussaint effectively documented how commercial considerations appear to have contributed to a decline in the standards public television has traditionally used when airing educational children's programming. Additional background on the issue of commercialization can also be found on the website of the newspaper *Current* (see, for example, http://www.current.org/cm/cm1.html).

CME strongly urges you to include the underwriting reform proposal you made last year. Specifically, under that proposal, underwriting messages would be limited to simple aural and visual acknowledgements of the sponsor of funding, and each underwriting message would be limited to 10 seconds in duration. Sponsorship announcements on public broadcasting, after all, were conceived originally as a public-accountability mechanism, a means of disclosing to the public any potential conflicts of interest involved in programming. It evolved over time as an expression of philanthropic support and community public service. Increasingly, however, many underwriting practices are more akin to the dealmaking one witnesses in the commercial media. As a taxpayer-supported entity, public broadcasting should not be competing in the marketplace for advertising support.

We understand that public broadcasting, in its quest for additional support, must respond both to the challenges of today's programming marketplace as well as to

Congressional directive. Clearly, the message sent by Congress in the recent past was for public broadcasting to become more entrepreneurially minded and to make better business decisions. Ever-increasing programming costs and the additional burden of adequately addressing the transition to digital broadcast have undeniably placed an economic burden on the system. Such financial pressures should not be allowed, however, to divert the system from its core mission of providing a vital alternative to commercial broadcasting.

An increase in federal support, as envisioned by your legislation, would help relieve some of these financial pressures. But regardless of increased federal support, we remain convinced that public broadcasting must engage in underwriter reform. There are two areas in particular where safeguards are needed to insulate program production from the impact of commercial considerations: in news and public affairs, and in children's educational programming. Effective safeguards become even more important in the digital era, as public broadcasting begins to explore a variety of new distribution platforms in what will surely be a more competitive broadcast marketplace.

In the area of news and public affairs programming, the public must be able to rely on public broadcasting for a range of editorial functions, including unbiased, objective, and in-depth reporting, along with commentary and analysis reflecting divergent points of view. Even in this era of multiple sources of information, including new digital services, there is still a scarcity of journalistically sound long-form documentaries and investigative reports. In order to have a vibrant and healthy democracy, the public needs free access to the quality news and public affairs programming that only public broadcasting can provide. The system also has a special role to ensure that independent producers, and the diversity of interests they represent, find meaningful support for the production and distribution of their work.

As for children's educational programming, we find some of the trends within public television disturbing. As mentioned above, Harvard professor and child psychiatrist Alvin F. Poussaint, in an article co-written by Susan E. Linn, shares many of our concerns. (We have included the article as an attachment to this testimony.) Public broadcasting has earned its reputation with the public—and with parents in particular—by creating educational programs based on research designed both to educate and to entertain. Its role has been—and should continue to be—one of providing children with quality educational programming of a range and depth that is simply unavailable on commercial television. PBS and the stations must work diligently to create programming that serves the interests of children, not the needs of marketers, toy companies, and production entities seeking to reap profits from what are essentially public resources.

In response to criticism from CME and other children's health and education groups, PBS crafted underwriter rules two years ago that were designed to implement some safeguards in the area of underwriting and children's programming. Unfortunately, many of the national underwriting messages often look and sound more like commercials. They usually run both before and after a program. Local stations also add their own "spots," which further contributes to the commercial clutter. In our opinion, these underwriting messages should be designed to be a straightforward acknowledgement of a company's support for the program and for public broadcasting's mission. They should be designed for adults, and not as a means of promoting products and brands to children.

As you know, Mr. Chairman, children have become a "hot" target market, and they are bombarded every day, in a variety of settings, with all manner of advertising messages. Public broadcasting's children's programming, on the other hand, was intended to serve the educational and informational needs of a child, and it should remain free of the interference and distraction of product pitches and appeals. Unfortunately, as you can see from the videotape clip, there are now times when something more than learning one's ABCs is being sold to children.

We are pleased to note, however, that PBS appears to have been working to ensure that several of the new national underwriting announcements are more carefully crafted. But your proposal last year, Mr. Chairman, for a ten-second limit, remains the most effective safeguard in the area of underwriting.

As public broadcasting moves into digital communications, it is important that CPB, the stations, and other public broadcasting entities protect children from new forms of advertising, marketing, and electronic data collection. For example, we already find on the PBS Kids website "hot" links that will transport a child from cuddling an e-version of Arthur and his friends, into the web pages of the underwriters selling juice and cereal. Let me show you some examples (http://www.scholastic.com/juice/index.htm, http://www.kraftfoods.com/cgi-bin/product.cgi?PRODUCT—ID=2). On Kraft Foods' Juicy-Juice site, there is a form in which children are potentially encouraged to provide personal information. PBS's Kids website

has a "bridge page" that, in our opinion, fails to act as an effective separator between program content and the underwriters' advertising.

Thus we call on the public broadcasting system to craft new rules for its websites and for whatever new interactive digital television and radio programming it develops, that will protect children from these new, more subtle and invasive forms of advertising. With the ability of digital media to collect personal information and engage in personalized "one-to-one" communications, and with other new forms of advertising that effectively mix "commerce" and "content," it is especially important that public broadcasting enact policies that safeguard the interests of children. CPB must also ensure that public broadcasting entities protect the privacy of their audiences and engage in exemplary data collection and promotion practices.

We also call on Congress to consider asking CPB to provide an annual report to the American public concerning the system's underwriting practices, including the business arrangements made by individual production entities with underwriters, sponsors, and product licensees.

Finally, Mr. Chairman, we hope that you will support the creation of a effectively endowed trust fund for public broadcasting. Once a meaningful system is put in place to support both production and distribution, many concerns about underwriting and the impact of commercialization will begin to fade. Congress can help ensure that public broadcasting designs a system that will effectively fulfill its democratic potential in the digital age. The emerging digital technologies will allow public broadcasters to serve their communities in many new ways, but this expanded capacity should not be seen as a license for these broadcasters to engage in activities beyond their original educational and informational mission.

As we enter the digital age, it is critical that we provide our children and their children with a rich electronic legacy, one that is designed both to inform our communities and to serve our democracy. A thriving and vibrant system of noncommercial and public telecommunications, I believe, should be a part of that legacy, too.

Thank you.

Mr. TAUZIN. Thank you very much, Mr. Chester.

Mr. ENGEL. Mr. Chairman, I wonder if I could just interrupt, and I apologize, before questions, to ask unanimous consent to submit an opening statement. I want to in doing so thank you and Mr. Markey for holding this hearing.

My colleague from New York, Mr. Lazio, and I had written a letter asking for this hearing, and we are very appreciate that you are holding it. I have been a long-time supporter of public broadcasting, in those dark days of 1994. We are glad we were all able to prevail. I thank you very much, and I would like to ask unanimous consent to submit an opening statement.

Mr. TAUZIN. The Chair has already ordered unanimous consent for that purpose, but the gentleman is also, his letter has also been referenced in the chairman's opening statement.

Let me make unanimous consent that the letter, which is cosigned by Mr. Lazio and the entire New York delegation, I think, will be made a part of our record. Without objection, it is so ordered.

[The letter referred to follows:]

CONGRESS OF THE UNITED STATES
WASHINGTON, DC 20515
May 28, 1999

The HONORABLE W.J. TAUZIN
Chairman
Subcommittee on Telecommunications, Trade, and Consumer Protection
2183 Rayburn House Office Building
Washington, DC 20510

The HONORABLE EDWARD J. MARKEY
Ranking Member
Subcommittee on Telecommunications, Trade, and Consumer Protection
2133 Rayburn House Office Building
Washington, DC 20510

DEAR MR. TAUZIN AND MR. MARKEY: As the leadership of both parties work towards reauthorizing the Corporation for Public Broadcasting (CPB), we urge you to include language which would permit CPB to make grants to public television stations to develop, produce and distribute digital television programs.

Congress has already expressed its commitment to supporting public broadcasting's conversion to digital television with last year's inclusion of an additional $15 million for CPB's digital transition and $21 million for grants through the Public Telecommunications Facilities Program (PTFP). The funds appropriated to CPB, however, are contingent upon passage of reauthorization legislation by September 30, 1999.

Public broadcasting's conversion to digital television is mandated by the Federal Communications Commission (FCC). In fact, public stations across the country are facing a 2003 deadline, by which time they must transmit on a new digital channel while continuing to operate and transmit their existing analog signals. In order for public broadcasters to meet this mandate, they face an investment in new equipment estimated to be at least $1.7 billion. For many licensees across the country, the costs of the digital transition exceed their annual revenues. These stations face losing their licenses and going off the air without public support.

In New York State alone, public broadcasting's conversion to digital television will cost more than $65 million for our state's nine public broadcasting stations. Fortunately, New York's Commissioner of Education and the New York State Board of Regents have already recommended state capital funding to leverage the federal investment. This proposal, however, has been put on hold awaiting federal action.

We, therefore, urge the Commerce Committee to take up legislation reauthorizing the Corporation for Public Broadcasting as soon as possible. Such legislation should authorize CPB to fund development of local digital programming in the critical years of transition by making digital grants to public stations based on criteria that are established in consultation with the stations. Furthermore, we urge the Committee to take up legislation reauthorizing PTFP funding through FY 2004 at levels sufficient to assure that universal access to digital broadcasting is achieved throughout New York State and across the country.

Congress has a longstanding commitment to public broadcasting. Providing federal funding to help public stations meet the mandated deadline for conversion to digital transmission is an investment well worth making, one that will ensure that

our constituents will continue to have the educational programs and services on which they have come to depend.

Sincerely,

ELIOT L. ENGEL, *Member of Congress*
RICK LAZIO, *Member of Congress*
ANTHONY D. WEINER, *Member of Congress*
PETER T. KING, *Member of Congress*
MICHAEL P. FORBES, *Member of Congress*
MICHAEL R. MCNULTY, *Member of Congress*
GARY L. ACKERMAN, *Member of Congress*
EDOLPHUS TOWNS, *Member of Congress*
CAROLYN B. MALONEY, *Member of Congress*
MAURICE D. HINCHEY, *Member of Congress*
NITA M. LOWEY, *Member of Congress*
BENJAMIN A. GILLMAN, *Member of Congress*
CHARLES B. RANGEL, *Member of Congress*
LOUISE M. SLAUGHTER, *Member of Congress*
MAJOR R. OWENS, *Member of Congress*
JERROLD NADLER, *Member of Congress*
NYDIA M. VELASQUEZ, *Member of Congress*
SHERWOOD L. BOEHLERT, *Member of Congress*
JOHN J. LAFALCE, *Member of Congress*
and JOSEPH CROWLEY, *Member of Congress*

Mr. TAUZIN. Let me also, in preference to our dialog now, make an announcement for all the members. Tomorrow, the chairman will have a press conference with Mr. Dingell to announce the introduction of the Broad Band Data Relief Bill referencing the deployment of full broad band services as rapidly as possible for many of these types of media to enjoy. We encourage members who have an interest to attend that press conference at 1:30 in room 2322 in the Rayburn Building.

Also, Ms. Courtney, I want to announce particularly for your purposes, the high-tech conference schedule for LSU on October 11, in which we will invite public television and radio to present some of the elements of high-tech educational development at that conference. The demonstration you showed today would be excellent for that conference.

The Chair recognizes himself for 5 minutes and members in order.

Let me first point out indeed that what Mr. Markey has described as creeping commercialism, Mr. Chester, and which you have demonstrated for us in the digital space, continues to be a strong concern of ours. But I want to put it all in perspective. We can't, I don't think, tell public broadcasters that we want them to be as non-commercial as we really want them to be and at the same time, fail to provide public funding for them to be as public as we want them to be.

And so the purpose of this bill is indeed to make our public contribution, in the hopes that you can continue to make progress to eliminate more and more of the commercialism we see in analog public broadcasting, and certainly, to prevent it from creeping into digital broadcasting of the public broadcast systems.

We are particularly concerned, what you showed us about the potential of violating the privacy provisions is of serious concern. I would hope that you would take this concern seriously and address those. We would hate to read 1 day that public broadcasting is part and parcel of advertisers gathering information from children inappropriately, when we have tried to do our part here in Washington

to prevent that from happening without parental consent. So perhaps you might want to look into that, the legitimate criticism we've seen this morning.

Finally, I wanted to say in advance of any questions that we are not giving up on our reform proposals. Again, please continue to engage us on them. I don't know when legislatively we can ever engage Congress in that effort. But at some point, we have to.

I will say it again for the record, I think it is wrong for us to continue to require of commercial stations that they do more and more public things when we don't provide the financial resources to public stations to do those public things. We have it backwards. We are turning commercial stations into public stations, and we are turning public stations into commercial stations. I think we ought to get our heads back on straight and do it right 1 day. I would again encourage your support for my efforts and Mr. Markey's efforts to continue to focus on the need for public broadcasting to be truly as public and as generous in its public content as many of you have dedicated yourselves to doing.

Mr. Burton, I want to turn to you first, sir. I was very impressed with the passion of your statement. You have performed and worked in both commercial roles, of course, as Kunta Kinte, in the very popular, extraordinarily educational and popular presentation on commercial television. And now you have dedicated an awful lot of your life in the public broadcast sector. You have focused, I know, on work in teaching children to read, I know you have connected with the work Beth Courtney has described in educating children.

Give us, if you will, a perspective of what it is to work in both of these contexts, in the commercial world and in the public world. You have done good work in both. What is the difference? What is the value, if you will, of working in the public broadcasting world?

Mr. BURTON. That's a great question, Mr. Chairman. For me, the issue is an issue of balance. I have been, as you pointed out, very fortunate to have been involved in what I believe are some of the best examples of how to use this medium properly, in Roots, Star Trek: The Next Generation, and Reading Rainbow. The difference between the first two that I mentioned being entertainment vehicles, created and broadcast in a commercial arena, and the third in the public television arena, the link is the same. They contained that thread throughout them of the desire to do more than just entertain the audience.

Mr. TAUZIN. That is not always true in the commercial world.

Mr. BURTON. No, it's not always true.

Mr. TAUZIN. How is it that you were able to work in the commercial world with that same purpose in mind, when of course we are seeing so much criticism today of movies and television, because the desire to attract an audience with a dollar has sort of, Mr. Markey called it a wasteland, it has sort of deepened that wasteland for all of us. We see some of its ugly effects.

Were you not drawn to that as well in the commercial world? How is it that you were able to focus instead on projects that could have done very well on public television? I mean, Roots could have been a tremendous public television venture.

Mr. BURTON. Could have been. I guess the real answer is that I've been very fortunate. I also believe that I recognized very early the power of this medium, and made a conscious choice to align myself with programming that was of a very specific nature, intent and energetic imprint. I believe this conversation, this national conversation that we are currently engaged in in terms of the impact of images in the media and how they affect all of us that absorb them, that imbibe them, is ultimately going to come down to an issue of personal responsibility.

Mr. TAUZIN. Thank you very much, Mr. Burton. The Chair's time has expired.

The gentleman from Massachusetts, Mr. Markey.

Mr. MARKEY. Mr. Coonrod, the CPB funds the Independent Television Service and the Minority Consortia.

Mr. COONROD. Yes, sir.

Mr. MARKEY. It is obviously the goal of public broadcasting to have a rich diversity of programming, different voices that oftentimes are not heard on commercial broadcasting.

Can you bring us up to speed a little bit on what you are doing to encourage independent programming, the minority programming, in the public broadcasting system?

Mr. COONROD. Mr. Markey, this is one of the top priorities for the Corporation for Public Broadcasting. But I would also add that it is a priority for many in public broadcasting, not just of the Corporation.

Specifically as concerns the Independent Television Service, we are working with them to develop a multi-year program. As of now, we have a year by year contract. What we are trying to work out with them is a multi-year contract so they can have a more predictable funding source.

Mr. MARKEY. What is the funding for the existing contract?

Mr. COONROD. The program portion is about $6.8 million, I believe, and the administrative portion is somewhere in the neighborhood of $300,000.

Mr. MARKEY. Per year?

Mr. COONROD. Per year. What we would like to do is be able to provide a long term agreement so they could have a better opportunity to plan their activities.

We are also working with them much more closely on the development of digital media. Part of what we would want to encourage is the opportunities for all sectors of the independent world, minority producers as well, to have opportunities to learn how to use the digital media and then to produce in the digital media. The ITBS and the Minority Consortia are groups that we are working with to try and develop those opportunities.

Mr. MARKEY. What is the funding for the Minority program?

Mr. COONROD. The funding is about $1 million per year per consortium. There are five consortia.

Mr. MARKEY. So $5 million total for all of the Minority Consortia?

Mr. COONROD. For the five individual consortia. In addition, there is a program fund at CPB at about, on an annual basis, somewhere between 30 and 35 percent of those funds, are directed toward that.

Mr. MARKEY. I appreciate that. I would just urge you to try and find ways to increase that if possible. I think that is an important role to play.

Mr. COONROD. That is part of our intent. We are prepared to make a major commitment with the increased funding we are going to get in fiscal year 2000.

Mr. MARKEY. And if I could, Mr. Duggan, how are we going to safeguard the non-commercial nature of public broadcasting? First, in the over-the-air, and then in the new media. There are limitations that Mr. Tauzin and I suggested in last year's legislation that would limit it to 10 seconds. We know there are stations around the country that are now up to 30 seconds, turning them into commercials, in effect.

What kinds of safeguards are you looking at to ensure that we just don't have the ultimate oxymoron, a commercial public broadcasting station?

Mr. DUGGAN. Let me say a couple of things about that, Congressman. First of all, I think diverse and generous sources of funding from all sources that would keep public broadcasting from being dependent on any one sources is the finest safeguard of our independence from that over-dependence. I think the bill that you are supporting and introducing today goes toward that.

I think your advocacy on the side of the non-commercial angels is very effective. And I think that my experience on the FCC sometimes taught me that the stick of advocacy in the closet was often more effective than the actual legislative or regulatory action itself. But I do think your advocacy on this has been very effective.

Mr. MARKEY. It's a big stick. It's a very big stick.

Mr. DUGGAN. Yes, sir.

Let me say, however, somebody told me once of a sign in the Paris zoo on a cage that said, this animal is so vicious that when attacked, it defends itself. And I would like simply to say that we are non-commercial broadcasters. What we have on our air are underwriting messages and not commercials.

I would like to enter into the record if I may, for the enlightenment of Mr. Chester and all who are interested, the 23 pages of small print of underwriting guidelines that are designed as a bulwark against commercialism. I could just tick off nine differences between our underwriting guidelines and commercials.

We have no appeals to buy, no product comparisons, no superlatives, no interruption of programs, no calls to action, no price or value information, no endorsements of any sort, no editorial involvement or influence by corporate underwriters, no messages over 15 seconds in our national underwriting guidelines. There are, as you point out, some local exceptions. But all of those are claimed by the local users, and I think there are a minority, to be within the FCC guidelines as to content. The length may be 30 seconds, but they do not violate these guidelines.

In our children's underwriting, we are even more emphatic. We confine the content of any underwriting message to either an educational message of a message of support for public broadcasting and its mission. There are no commercial promotions. There are no mascots or spokescharacters, and we allow now product descriptions beyond just the showing of a logo.

We are non-commercial broadcasters. We have chosen careers to be non-commercial. So we are your advocates, Mr. Markey, and we are in agreement with Mr. Chester about the content.

Mr. MARKEY. Well, let me interrupt right there, because you remind me of another zoo story, which is the story of the mother who has her child with her, and they're walking through the zoo. The child looks at the lion and the lamb in the same cage. The mother runs over to the zookeeper and says, that is so remarkable, the fulfillment of the Biblical prophecy of the lion and the lamb lying together. It's so beautiful.

And the zookeeper says, hey, lady, don't get too excited. We've got to put a new lamb in every day. Behold the lamb, as the commercial forces in our country focus in on you, asking for 30 seconds, commercial, with flexibility as a condition of your receiving the grants from these entities. It's that condition that puts the lamb in jeopardy.

That's why we have to build safeguards around public broadcasting, to ensure that they're not developed.

Mr. Chester, just 30 seconds, please.

Mr. TAUZIN. The gentleman's time has expired. Mr. Chester, you may respond.

Mr. CHESTER. No, I would just say that I hope, Mr. Duggan, you go back and you look at some of the underwriting spots, as I mentioned, Chuck E. Cheese's, clearly designed to appeal to kids. I hope PBS would provide to this committee some independent research to find out whether these spots have been designed for children or for adults.

Mr. DUGGAN. Well, we certainly would like to work with Mr. Chester and with members of this subcommittee to ensure the non-commercial nature of our service. Because we believe in that.

Let me just say one word, Mr. Markey, about the internet site. We have the most elaborate safeguards, we believe, of any internet site, any popular internet site, on the internet, to protect children. We buffer, and I think Mr. Chester blew rather quickly past that buffer page. We buffer before there is any transfer to an underwriting message. We have that warning page that says you are leaving PBS, you are leaving our web site.

We have 2 million children and parents every month coming to that kids' site. We have never had one complaint, not one complaint about our regard for the non-commercial nature of that site and the buffering. Today's complaint from Mr. Chester, which we are grateful for, is the first complaint we have ever had. But we do want to work with him to ensure that we do not do anything to put at risk the esteem and trust of parents in our service.

Mr. TAUZIN. The gentleman's time has expired.

Does the gentleman from Massachusetts know the difference between a Massachusetts zoo and a Cajun zoo?

Mr. MARKEY. What is the difference between a Massachusetts zoo and a Cajun zoo?

Mr. TAUZIN. In Massachusetts, under the animal's name there is the Latin genus and species. In a Cajun zoo, under the animal's name, there is a recipe.

The gentlelady from New Mexico is recognized.

Mrs. WILSON. Thank you, Mr. Chairman.

Mr. Chairman, I come from New Mexico, and in New Mexico, we need 300 translators to cover the State of New Mexico. It is very different. I wonder, for Boston, for WGBH, do you even have a translator?

Mr. LIROFF. Yes.

Mrs. WILSON. That surprises me somewhat. I know that these issues are often very different, east versus west. If there is one thing, Mr. Markey, that we definitely need more of in New Mexico, it is the car guys. I really think we need more car guys.

I have really two questions here. One is for Mr. Coonrod. It has to do with the station grant criteria and reform of the station grant criteria. I wondered if you and CPB anticipate any modification of the station grant criteria, particularly with respect to conversion to digital broadcasting by the 2003 deadline, and whether the difference between rural States and urban States, and our heavy dependence on translators is going to be taken into account in the change of the grant criteria.

Mr. COONROD. We are very aware of the challenge that the translators present. We are very aware of the fact that they have not been included in the conversion tables that were set up.

In terms of the grant criteria themselves, we have regular consultations with the stations to reconsider the grant criteria. We will have another regular consultation along those lines in the coming months. That is that specifically, the challenges faced by the rural stations is one of the issues we will consider.

Whether we will then modify the criteria or not will depend on the result of the consultation. But it is a subject we will address.

Mrs. WILSON. Thank you. I have another question that really goes to the way television is used. I guess, Mr. Burton, I have a particular interest in literacy. There is some irony that I am on this committee, since from the age of 17 to the age of 31, I did not own a television. I do not have cable in my home and I do not allow my children to watch television, other than some public television programs.

It seems to me to be a paradox to use television to encourage children to read books. I do not understand how that works in the mind of a child. And particularly when the love of books and the reading has more to do with the person whose lap you are sitting on than with the story that is being projected.

How do you, who I think share this passion for storytelling and for books, deal with that paradox?

Mr. BURTON. It's a good question. The show Reading Rainbow was created by a teacher, a woman who recognized and wanted to address what teachers refer to as the summer loss phenomenon. Simply put, a child who is at that early and nascent stage of literacy, in that 3 month summer vacation, their reading and comprehension skills invariably suffer.

Also knowing that it is no secret where our Nation's children spend an inordinate amount of time, this recent report released by the Annenberg Public Policy Center indicates that our children in this country spend at least, on average, 3 hours a day sitting in front of a television. If you add time at the computer, they are sitting on average in America, in front of some screen or another, about 4 hours a day.

So our intention was to go where they are, sitting in front of the tube, and then draw them back toward literature and the written word.

Mrs. WILSON. But aren't you encouraging them to watch more and more in order to persuade them to do it? I don't understand that.

Mr. BURTON. I just think it's a matter of being smart and acknowledging the truth and going from there. Acknowledging and accepting what is and then trying to create a semblance of balance in the equation. If we can use the medium of television to create a child who is passionate about literature, the more the better.

Mr. COONROD. If I may interrupt, it may be counterintuitive, but I would support exactly what LeVar has been saying. A recent study that PBS commissioned through the University of Alabama shows precisely that, that families who have gone through the exercises, the seminars that are provided as part of the Ready To Learn program, the children of those families actually watch television less and read more. They were brought to those programs through the Ready To Learn service on PBS. The data supports those conclusions.

Mrs. WILSON. Thank you.

Mr. DUGGAN. Mr. Chairman, if I could add to what Mr. Coonrod said, on the adult side, also, we find that PBS watching encourages people to read. Many of our documentaries, Ken Burns, for example, the Civil War, made Shelby Foote's histories of the Civil War bestsellers again, in paperback and hard cover. When we have companion books, we find that they rise to the best seller list, because of the power of this medium.

We are television that loves reading and encourages people to read. The way we do television is in a rational, linear, sequential, chronological way that is not unlike reading. We do not have the kind of fast cutting and fragmentary editing that you see elsewhere. We have a coherent way of presenting information, storytelling, as Mr. Burton said.

We do find in our research, both on the children's side and the adult side, that library use, visits to bookstores, books going onto the bestseller list, are a consequence of the kinds of programs that we have.

Mr. TAUZIN. The gentlelady's time has expired, but she stirred you up real good, and I would like to give you all a chance to respond.

Mr. CHESTER. I would like to answer that, not only because we are an organization that works with children and educational media, but because I am also the parent of a 6-year old. One of the things that is so important about public broadcasting and its children's programming is that it is based on research and encourages young children to be literate. If you have ever watched Sesame Street, for example, it is very clear. I see the benefits with my own daughter now, who has just completed kindergarten and is now reading on her own and very proud of it. Clearly, she learned a great deal about the ABCs and about words and concepts from the public broadcasting educational programs.

So it has a role to play. Clearly, then the parent has to play a very key role. But it is a very powerful aid. It is better that they

watch this kind of programming, because oftentimes television, unfortunately, is a babysitter, than if they watch something that is going to teach them something else.

So public broadcasting programming can work, which is why we have to retain its special mission.

Ms. COURTNEY. You see, many of us, I began as a teacher, that's my background as well. The whole Ready To Learn project that we are doing, I hope that we end up putting more money out into the communities. Because we go out with day care providers and train them, we give out first books, we give them books, we train them how to have that television experience with some of the children's programs be interactive. And we actually say, turn off the television. It is an interesting thing that we are encouraging you, in many instances, not to watch as much television.

But we have to do a lot of outreach into the community. And see some of these children, of course, do not have that lap to sit in. That's why we are trying to help those.

But I find my friends obviously use this as well with their children and grandchildren. So as somebody indicated, that's where the children are. We are trying to make a difference in their lives. But we actually have that big outreach component that makes a difference.

One other thing we try and do is we try to bring literature to adults. We just did a documentary on Kate Chopin, who is in Louisiana, her fine stories and books. We did this, and then we're encoding it with enhanced digital material to use for English teachers.

So every time we do a project, we think, how might this help in an educational manner. But it does seem odd, we are encouraging people sometimes to turn off the television. But we do that.

Mr. KLOSE. If I may, Mr. Chairman, to the member from New Mexico, I should say that National Public Radio has become a major source of turning people to literature. The American Association of Publishers recently acknowledged that with a special award to NPR for its bringing people to literary values. Our view is that reading is very important in childhood, but it does not end in childhood. The oral traditions that radio has made so strong and that NPR's kind of radio has made so strong has brought access to literature in new ways. We do literary reviews and discussions about contemporary books, new books and what authors' views are, and do that with an intensity that brings something very special to our programming.

We have found that member stations across the country value this, and that there are many linkages at the level where stations are building for themselves the kind of institutional presence in the community which is so important to the future of our stations.

Mr. TAUZIN. The gentlelady's time has expired.

The gentlelady from California, Ms. Eshoo, is recognized.

Ms. ESHOO. Thank you, Mr. Chairman, and thank you once again to all the panelists for answering a lot of my questions.

Let me just ask Mr. Duggan, though, I know that you touched, in your written testimony, on this issue. I was hoping you could expand on what your plans are for making use of digital program, especially on how the programming would be directed toward chil-

dren. What do you see as the potential for this programming, and maybe give us a sneak preview of what you think you will be offering relative to a more interactive learning experience.

Mr. DUGGAN. Let me mention three uses that we have in mind for the digital media and then come back to the special mission that we have to children, Ms. Eshoo. And I appreciate the question.

We see high definition television as a marvelous way of intensifying the educational and cultural mission of public television. Imagine opera, imagine ballet accessible to every American, every citizen in his or her home, with the special CD quality sound, the intense visual experience of HDTV. Imagine our nature programming intensified.

We think it is made to order for our mission. We do believe that particularly in our signature prime time programming, much of it produced by WGBH and WNET, our New York flagship station, we believe that high definition television is a marvelous way of heightening and intensifying the experience, and intensifying our mission.

During the day, we plan to do what we call digital multicasting. The wonderful increase in capacity that is afforded by digital compression makes it possible for us to deliver at least four channels in the space that normally was taken up by one. We can deliver the main national PBS feed on one of those channels. And using a remote control, the viewer can switch to PBS Kids, a full time educational kids channel, which we are introducing in September, first on DBS then in digital multicasting for our member stations.

Imagine also a news and public affairs special channel in multicasting that will enable civil discourse and serious address to issues. Many of our commercial media are driven by ratings competition to desert serious discourse about serious issues. But we believe that we can find a niche and perhaps have a full time public affairs channel that will go beneath the surface.

A lifelong learning channel that would be both instructional and life enhancing for our viewers that would have not only more academic programming, that would enable people to continue their education, but informal learning, the kind of pioneering that we have done with how-to. So we believe that multicasting during the day is a wonderful opportunity for us, and we plan to exploit this technology that way.

The third way is what you saw, the packaged digital feed that can be downloaded along with the program, and that can deepen the experience of the viewer who wants to learn more.

Ms. ESHOO. What are the timeframes around this one? I can hardly wait.

Mr. DUGGAN. We are already doing this. If you buy a digital set at your local California or Washington equipment store, WETA, one of our flagship pioneers here in Washington, is already broadcasting a schedule in digital, both multicasting and HDTV. We are already putting up a full time HDTV feed with at least one new HDTV program made available each month.

Zoboomafoo, one of our children's programs, is already being presented with the enhanced packaging. So this is not a technology of the future for us. It is here, it is now. And we are very enthusiastic about it.

Ms. ESHOO. That's marvelous. I think that is wonderful news for the committee. I appreciate your description.

Let me just say to Mr. Burton, it isn't very often, we have in this hearing room the opportunity to listen to many of the geniuses of America. But I have to tell you that with your testimony and how you put your thoughts together today, that you really feed the soul of America. I thank you for that. We all pay tribute to you for it.

I think for the part of America that we are struggling to comprehend, to understand, we keep saying, why, why are these things happening, we really have the answer. Because if we respond to the greatness of what is in the human spirit, that will be healing and that can touch an awful lot of people. The medium that you are all here, that you work in, that you have support from the Congress, thank goodness, and certainly the American people, that we can address and really resolve a lot of the things that we don't like about America and want to make better. So thank you to you, and your artistry and to all of you.

Thank you, Mr. Chairman.

Mr. TAUZIN. I thank the gentlelady.

The gentleman from Florida, Mr. Stearns, is recognized.

Mr. STEARNS. Thank you, Mr. Chairman. I regret that I was not here earlier, I was chairing a subcommittee on veterans health. I appreciate the opportunity that the committee is still here and that I could help in some small way with two questions I have. And also to welcome my friend, Mr. Coonrod, who I've had the opportunity to have dinner with and to see the MacArthur tapes and say what a spectacular job public broadcasting has done with that American experience.

I think this goes in line with my colleague from California, what she has said, that these kinds and types of programming are going to not only the history of America, but also presenting information which is part and parcel of our soul, of the American experience.

I have two questions, Mr. Chairman. One is dealing with how the estimate of $1.7 billion as developed. I guess earlier testimony indicates that the public broadcasting industry estimates the total cost of conversion to digital to be about $1.7 billion. This I guess would be for Mr. Coonrod. How and when was that number derived, and what exactly does it include in its total?

Mr. COONROD. Mr. Stearns, I can give you a broad answer. But there is also a member of the panel who could give you a more specific answer. But let me give you the broad answer first.

We put together a group called the digital steering committee, which included representatives from public radio and public television. We did a thorough review of what would be required to provide digital television. And by that we mean not just the pass-through capability to deliver a public television signal, but also the ability for local stations to provide the enhanced services that you have just been hearing about, high definition but also enhanced services, enhanced television and the multicasting capability.

So the surveys, which were done largely by engineers and other technical people, were based on a services model that would enable public television stations to provide the broad range of public television services, educational services, especially. Those services were

then costed out, and that is the result of how the specific numbers were arrived at.

Mr. Liroff, who is at the other end of the panel, is expert in the details of those specific numbers. But they were worked out through this process with stations around the country.

Mr. STEARNS. Mr. Liroff, you are the Vice President and Chief Technology Officer, WGBH Educational Foundation.

Mr. LIROFF. Correct, sir.

Mr. STEARNS. So you are better prepared to give some of the details?

Mr. LIROFF. We can drill down at the various layers. At the first layer, there are five components in that $1.7 billion. The first is for basic transmission, which would allow each of the current stations to put a digital television transmitter on the air and begin broadcasting a digital signal. The second layer is master control capability for each of the stations, so they can then integrate local content and local services in with a signal coming through from the network.

The third is for production equipment, so they can produce local programming with digital equipment, so they can continue their community and local programming services. The fourth is for DTV operations. The current expectation is that the analog and the digital stations together will be on the air well past 2006, probably for the next 10 years. Because the analog stations can't go off the air until 85 percent of the homes in any given market are capable of receiving and displaying the digital signal.

So these stations, as will commercial stations, will then have the obligation to be operating two transmitters at every local site rather than the one analog station that they now operate.

The last component is for radio's conversion to digital, which we believe is imminent within the next year or two. It is certainly happening internationally and the U.S. system is very close to a resolution of how to accommodate digital radio broadcasting within the current band.

Mr. STEARNS. How did you come up with the 85 percent? What was that formula?

Mr. LIROFF. That's the U.S. Congress, that was stipulated.

Mr. STEARNS. Okay, that's ours. All right.

Mr. COONROD. Mr. Stearns, those figures were developed originally in 1998 and have been updated since then. So those figures are current.

Mr. STEARNS. Okay, thank you. Thank you, Mr. Chairman.

Mr. KLOSE. Mr. Chairman, Mr. Stearns, I'd like to add if I could, as Mr. Liroff mentioned, at present there is no radio deadline to go to digital transmission. There has not been yet a full concurrence as to what that format ought to be, how that transmission format ought to be.

However, we do know some costs going forward right now. They are identified inside this larger figure. We have identified about an $11 million cost going forward to shift antennas. When current antennas get digitized, it's going to cause interference to some of our broadcast antennas, and we will probably have to find new antennas. We have identified that number at about $11 million.

In addition, the additional funding or continued funding or authorization of funding for PTFP is very important to our members, because they are using the PTFP money to move internally from analog production to digitized production basis, which will further enhance their ability to move to digital transmission when that comes forward.

So both these factors are in play there. And continued authorization for PTFP is very important to our member stations.

Mr. STEARNS. I thank the chairman.

Mr. TAUZIN. Ms. Courtney wanted to respond.

Mr. STEARNS. Oh, I'm sorry. Anybody on the panel, I think the chairman would allow me forbearance to answer this question in more detail.

Ms. COURTNEY. Mr. Stearns, I was looking at Florida's numbers, and what they were looking at is a cost of $101 million to totally do that transition for both just transmission and production. But to just stay on the air, $60 million is going to be the cost. So you can see, it sort of breaks out, $60 million just to stay on the air and convert their transmitters and antennas and towers. Of that, they have now gotten $5 million from the State with a commitment for another $15 million. So they're looking at sort of a third, a third and a third in terms of support. Maybe Federal a third, private fund raising a third, and State money a third.

I know it's difficult to get a handle on this. Because in every community, it is slightly different. I thought everybody had 2,000 foot towers, but we're in a swamp, so I have tall towers, and my towers are more expensive. Once we go and change things out, and that's true in Florida as well, we have to strengthen them, because they're not up to the old code to put new antennas on them. So that is a tremendous expense, just to go and strengthen those towers, put the antennas up and in some places, the might be on a mountain. So it varies.

We are doing detailed examination of each site in public broadcasting across this country. The first call is to make sure, as you are saying out west, a lot of my colleagues in State networks, that we first have universal service, that we don't lose the licenses, that people can actually receive the service. After that, then you get production equipment. I am not even worrying about production equipment until I get my transmitters and towers up.

Mr. TAUZIN. Thank you. The gentleman's time has expired.

Mrs. WILSON. Would the chairman yield for a question?

Mr. TAUZIN. Yes.

Mrs. WILSON. Was it the English that pushed you out of that cold country and down into that swamp? Is that it? And this is better?

Mr. TAUZIN. Yes, much better. The truth of the matter is, I guess Okeefenokee has a lot in common with Louisiana swamps. But our problem is that we build our towers 2000 feet, but they sink.

The gentleman from Ohio, Mr. Sawyer.

Mr. SAWYER. Thank you, Mr. Chairman.

Just an observation, quickly. I think it is enormously important when it comes to questions like literacy to understand that television is simply a vehicle, and that it is one of the most effective vehicles for dealing with the changing target that literacy in America has become. I just want to take a moment to thank all of you

for the enormous, demonstrable effort to use public broadcasting not simply in those programs that we would identify as educational, but rather, across the spectrum of programs, to elevate the literacy of the Nation.

For the last decade, you all have been walking a terrible tightrope in terms of the solicitation of what Mr. Burton refers to as the 5 million Americans who are the real contributors. The messages have had to change. It's been a difficult message. Now that the target has been taken off, or at least we hope that target has been taken off your backs, that dilemma of trying to argue first that, although there is public funding for public television, the majority of the funds come from our listeners, to the period of time in which we really, it was difficult for me to go on the air and to argue for contributions. Not that I didn't do it, but because the argument was so difficult.

As we emerge into this new era, can you comment about how the new formula will affect your ability to sustain the contribution, the constituency that you have, and expand it more broadly across your listenership?

Mr. DUGGAN. Mr. Sawyer, I would say to start out that we believe that if we are providing good service to the American people, that if our mission is visibly different, and if we are fulfilling our educational and cultural mission in a way that inspires trust and support, that the support we need, both public and private, will be there. We are really quite optimistic about that support.

We care a great deal about every source of support. And while we are proudly non-commercial, we value those corporate citizens who step up and are corporate supporters. They are not allowed to do commercial messages. So one might say they could get more commercial value by placing their funds somewhere else. But they are doing this as a philanthropic contribution to our mission. We value those corporate supporters.

But as I said to Mr. Markey, we believe that all the five principal sources, or what we call viewers like you, our individual subscribers, corporations, foundations, State and local governments, including publicly supported universities, and the Federal Government, a strong and vibrant and generous level of support from all five of those is the best guarantee of our independence and our ability to fulfill our mission without veering in any direction toward one of those.

Mr. COONROD. There is a specific way in which increased Federal appropriations do help stations leverage their additional funds locally. Most of the money that we provide to stations for the community service grant is on an incentive basis, based on the amount of non-Federal financial support they can reach in their community. So when the Federal appropriation is increasing, it adds to the incentive that stations have to raise more money in their community, because it gets matched, not one for one, but it gets matched proportionally by increased funds through CPB.

So your support not only is support directly to the stations, but it also helps them raise additional money in their communities.

Mr. SAWYER. It seems to me that is a great opportunity again to alter the message and to begin to have the kind of positive reinforcement that I think all of us want to see.

Mr. KLOSE. Mr. Sawyer, at NPR, I would support exactly what Ervin and Bob Coonrod have said here. Let me add, we are very sensitive to listener sensitivity on this issue. We know there is dialog within our membership organization and also broadly across public broadcasting in general about listener sensitivity to these issues. We will be studying and watching this very, very closely as we go forward.

We are also looking to substantially build alternative sources of revenue that would help stabilize our financial issues. We just received, for example, from the MacArthur Foundation, the largest single donation or commitment that was ever made to a public broadcasting organization, $4 million, because it wants to help us build and endowment that would help us stabilize our revenue sources.

Mr. BRUGGER. Also, Mr. Sawyer, the stations are working very hard now to look at collaborations with institutional organizations, whether it is universities, community groups, to get some of them to help not only with the programming, but with the funding of the programming as we build new programming streams. Matter of fact, there is a project in Connecticut called Mapping the Assets, where they are going around to all of the non-profit governmental, and even some of the business community, to say what are the needs that public media can meet. How can we join partnership with you, a true partnership where you are a contributing member, not only in terms of dollars, but in decisionmaking about how we program for the public media in the future using this great technology that we are going to have.

Mr. SAWYER. Mr. Chairman, I am not sure that my light ever was turned on, but that does not make any difference.

Mr. TAUZIN. I apologize, but if you want to ask some more questions, please proceed.

Mr. SAWYER. I just wanted to make an observation. About a year and a half ago, one of the public broadcasters in my area called up, very distressed because of a pirate radio station. It came at a particularly awkward time. I said, did you have some special program that you were doing? He said, no, it's our fund drive. So we got them off the air as quickly as we possibly could, simply because it meant so much for the rest of the year's programming.

Mr. TAUZIN. If the gentleman would yield, one of the reasons this gentleman has been so concerned about the proposals at the FCC, the licensees, thousands of microstations, without ever consulting with the public broadcast community, whose base might be terribly eroded by the addition of all these microstations, I would hope the gentleman pays some real attention to that concern.

Mr. SAWYER. We have discussed that, as you know. I appreciate the chairman's position on that.

Mr. TAUZIN. I thank the gentleman.

The Chair now yields to the gentleman from Illinois, Mr. Shimkus.

Mr. SHIMKUS. Thank you, Mr. Chairman.

I am going to end my question with Mr. Chester, but I am going to go to Mr. Duggan and Mr. Burton to get there.

Mr. Duggan, I would rather have my children, who are four and 6 years old, watching Juicy Juice at the end of the show, and may

need to get to a link for that advertisement, versus halfway in a show getting an ad for Beast Wars action toys. I guess the question I have is, is there a way of screening the people who request to be the underwriters, based upon actually what they are trying to do? It is still an advertisement, I'm not going to parse a word, it is still an advertisement when you watch Barney and Huggies comes up as a sponsor. I'm not used to being really fine in the vocabulary legally.

Is there a way of screening appropriate types of sponsorship for shows, so that under the public broadcasting, Beast War action toys may not see its way to underwriting a show?

Mr. DUGGAN. I don't believe we have any action figures or highly commercial exploitative products of that sort as underwriters. In the case where a product is mentioned in underwriting, as I said earlier, Mr. Shimkus, we require that no promotional message be delivered, that there be an educational message. For instance, I think there is a Kellogg's underwriting message that says, Kellogg's encourages you to read books. It is not a product promotion.

When a product is an underwriter, we require either that education message or a message suggesting the value of the mission of public television. So we would vigorously assert that though there may be corporate good citizens who support our programs, including our children's programs, this is so radically different from what we see in real commercials. But even to use the term commercialism is misleading, unless you acknowledge those tremendous differences.

But we take very seriously your concerns. I would simply say, as Ms. Courtney comes from a background as a teacher, most of us have chosen careers in non-commercial, public service television. We care deeply about the trust of parents, the trust of teachers, and the credibility of what we do. We would not want to do anything that would undermine that trust.

So we take very seriously your concern, and we will try to live up to the concern that you express.

Mr. SHIMKUS. And I am not sure what the concern is, I am really kind of applauding, because I am observer of both, public broadcasting and commercial entities. I too have also been in public service my entire life in different shapes, as a teacher.

Mr. DUGGAN. You have also been the subject of a PBS documentary, sir.

Mr. SHIMKUS. Not as highly acclaimed as Mr. Burton.

Mr. DUGGAN. I would not let the moment go past without thanking you for your role in that.

Mr. SHIMKUS. I'm not going there.

But I do want to say, I guess a lot of us who were raised in the Star Trek era, if we are trekkies, we just appreciate your being here and having the chance to talk. You mentioned the Motorola phone, and the flip phone. The problem with, when you open yourself to public scrutiny in this world, people start learning more and more about yourself. I am a trekkie who really got my first inclination of further education through Starfleet Academy versus the old Star Trek. I attended West Point, and Mrs. Wilson, who just left, is an Air Force Academy graduate.

I do give that some of the credit for my desire based upon a higher education, leadership skills, how to treat people, all of those aspects. And I applaud you, you have invested yourself into this issue. And I applaud that. That is what we define as leadership by example.

I am going to throw out another challenge, and then it will come back to Mr. Chester's argument. We are talking about a really specific period of time here in which funds are needed to get to the new era of broadcast. But the fundamental issue of funding for PBS and the Corporation for Public Broadcasting, there are still some concerns there.

I think a lot of folks in your profession benefit greatly. I would encourage you to use not just leadership by example, but help motivate some of your colleagues, not just to think they have done their role based upon one appearance as a guest star on Sesame Street, but that they give back in a forum that is a positive benefit to our society. Because there are many of us here on the Hill who are just angry, insulted, confused and perplexed, based upon what we have seen over the public airways for corporate benefit. I know everybody is like us, probably even more, are trying to grab for pieces of your time. But if I could just give you any encouragement and any help that we can give.

Because the question follows up now to Mr. Chester and his final part of his statement, and I need to quote it, he mentions, finally, Mr. Chairman, we hope that you will support the creation of an effectively endowed trust fund for public broadcasting. I would ask you, what do you mean, how do we get there, that's my charge also to Mr. Burton, to help effectively endow a trust fund. This addresses the issue post-digital era. And I hope that the chairman will allow me to move in that direction, because I am looking at the next generation, than just the current problem.

Mr. TAUZIN. You want to take us to places we've never been?

Mr. SHIMKUS. Well, we've tried to get there before, and we have not made it yet.

Mr. CHESTER. Certainly, going back to the children's area, there is clearly a tremendous difference between what we see on commercial television and what we see on public broadcasting. Commercial television, particularly for children, has helped create a toxic culture, which is why this committee has worked so diligently on issues like the V-chip and the parental guidelines. It is because we value that programming so much that want to ensure that in this highly competitive and expensive world of television that we don't take away public broadcasting from its original educational mission, and ensure that these programs are really non-commercial.

Just in response to Mr. Duggan, the brands are mentioned, it's Juicy Juice. The brands are mentioned, and they are highly attractive to children. In fact, one other thing is, we have a good article which I did not include with the testimony, but hope you read, coauthored by Dr. Alvin Poussaint of Harvard, who criticizes what has been going on with public broadcasting. One of the questions he has is about the deals that individual production companies, copyright holders, are having with underwriters.

Mr. SHIMKUS. I don't mean to cut you off. I think we understand that problem. I guess the question is, how do we develop the trust

fund now to deal with, and I apologize, but I will also say that I would rather have them look at Juicy Juice versus Beast Wars. So I'm not trying to get in the middle of that.

Mr. CHESTER. But it is a question of a slippery slope. I think there is an opportunity for a trust fund. Clearly, it would take the leadership of this committee and the chairman.

But certainly, commercial broadcasters have been able to benefit tremendously from the spectrum allocation they were given in the 1996 Telecommunications Act.

Mr. TAUZIN. Would the gentleman yield on that point? The Telecommunications Act of 1996 made it very clear that if commercial broadcasters used the new 6 mHz of spectrum for purposes other than broadcasting, which they may, they may want to get into some other commercial ventures with it, broad band data stream ventures, in competition with others in our society who have paid for the spectrum to do those things, the Act says that the FCC is obliged to require contribution from the commercial broadcaster equivalent to what would have been obtained in an auction of that spectrum for that commercial purpose.

Now, that's general language. What we have not done is said what happens to those moneys. I would suggest to the gentleman, and I have suggested to the entire committee, one thing we ought to consider is a dedication of those funds, when they are identified and when they arrive, that those funds properly ought to go into the creation of a trust fund for public broadcasting, so that public broadcasting can rely less on the attributions and commercialization of its programming and more on some sort of public funding.

But I thank the gentleman for his interest here, and we will continue to dialog with him.

Mr. SHIMKUS. Mr. Chairman, if I may, I guess the important thing too is, as we now in our business, when people are, and you all do it through your pledge drives, when people are empowered to invest, no matter how small an amount, they are better advertisers of the industry, they are better promoters. They are our best supporters, those who have given even as little as a dollar to our campaign, because they are now vested.

I want to make sure that there is a system formed that we can continue to invest the public in this and invest, obviously the industries are benefiting. But I also want the major recipients, because of their talent, Mr. Burton, to also invest. I am going to keep encouraging you. But I want them to be part of this trust fund look that we can encourage big dollars, small dollars, government dollars and how we can make this so. Again, we are not here all the time looking for a handout but we have a system and a revenue stream that is safe, sound and secure.

Mr. TAUZIN. I thank the gentleman.

I want to recognize my friend from California, Mr. Rogan, if you have any questions, sir.

Mr. ROGAN. Mr. Chairman, I thank you for calling this hearing. I also want to thank all of the panelists for their testimony. I did not have the privilege, obviously, to hear all of the testimony, as a result of competing and conflicting hearings and other obligations. I have had the opportunity to read all of the testimony. I think the chairman has gone out of his way, during my time in

Congress, to try to ensure that hearings such as this educate members such as me as to the importance of these issues.

I thank you, Mr. Chairman, and I yield back my time.

Mr. TAUZIN. Thank you, Mr. Rogan.

Let me wrap up by doing something that one of the members suggested we had not done today. Let me be the devil's advocate for a second. There are no Klingons on the panel. But if there were a good Klingon on the panel, he would ask the following question. With the advent of 500 channel television, beamed down to us from satellites, and with the advent of incredibly new cable programming like the Learning Channel, History Channel, Discovery Channel, Lifetime, Animal Planet, USA Network, many other channels now that are doing much of what we would consider better television, teaching us the history of our life, the life of the planet, its environmental resources, its teaching us in many cases, presenting cultural programming and presenting historical perspectives and educating us, as the Learning Channel constantly does on so many issues.

With 1700 radio broadcasters now on the internet, broadcasting incredible new and very specific audio streams, not just music, but incredible new avenues to teach us and to broaden our experience, with the capacity of broad band arriving soon, which will similarly introduce thousands of television channel broadcasters to the internet, and the merging of the computers and the television, so that the television itself will become the modem by which internet broad band streams deliver video programming and audio programming to us in integrated packages. With the capacity of your stations themselves to multiplex, so that one station can powerfully do the work that four stations previously perhaps did in a given community, here's a Klingon question. What the heck do we need all of the public broadcasting for? What is so necessary about it?

Mr. CHESTER. Mr. Chairman, this is an area that we at the Center for Media Education study, the future of a digital marketplace, not only the children's marketplace. We are taking a very, very good look at it, including our broad band policy. I can say to you that we will need public broadcasting more than ever in this emerging world. Because even though there will be more diverse and perhaps countless sources of information out there, they will be highly commercial. And the model for the new media system really merges advertising, marketing, data collection and the content.

So if you want to have a space where there can be just this pure civic discourse, obviously C-SPAN plays a role that is very unique. And you hopefully will see more C-SPANs.

But if you want to have those spaces where it is really about engaging in citizenship and in the healthy development of children——

Mr. TAUZIN. Mr. Chester, cable says it is doing that. Cable tells us that this is local programming, in fact, the law requires them and they must carry local coverage, as public access channels.

Mr. CHESTER. Those are also non-commercial.

Mr. TAUZIN. There is the Learning Channel, History Channel, which may be commercial cable channels, but you don't see a lot

of commercials on them. They are basically doing some pretty good stuff. Come on.

Mr. CHESTER. I guess we differ. What you will see on those channels, even though there are good things, I've heard a joke that Hitler should have kept the TV rights, because it's endless reporting on World War II. You won't have the diversity, you won't have the insight. Only public broadcasting, disconnected from the commercial forces that will be really shaping this new media, does that.

Mr. TAUZIN. Good point. Somebody else try it.

Mr. DUGGAN. Yes, sir. I'd like to give six reasons.

Mr. TAUZIN. Summarize, please.

Mr. DUGGAN. Very quickly. We are non-profit and educational, and they are not. None of the ones that you mentioned can make that claim.

What that means is our adult learning service broadcasts to two-thirds of the college and university campuses in America, distance learning telecourses. No for-profit cable channel or other television service does that. We are non-profit and educational, they are not.

We reach every home. They do not. Cable reaches between 60 and 70 percent of the country, and you have to pay $300 to $600 to get it. It is wonderful. They do lots of good things. We deliver to the retired school teacher in Louisiana who loves opera, we go free to all of those homes.

The third point, I just touched on it, but we are free and they are not. And that is very important, Mr. Markey touched on it earlier. We have unparalleled creativity and innovative power and quality, and with no disrespect to them, they do not. We invent genres like educational programming for children, and they copy them. We invent genres like the historical documentary, and they copy them for commercial purposes. We are the wellspring of creativity.

Fifth, we define our audience as citizens, they define their audience as consumers. There is a tremendous difference there, Mr. Chairman. Finally, we are local and grassroots, owned at the local level, they are global combines, owned by remote people, delivered bloodlessly from the sky. We exist in the bayous of Louisiana and the local communities. We are owned and governed locally. And we proudly underscore all of those differences.

Mr. TAUZIN. But you missed one of the things I threw at you, now. It is not an easy ball to bat back. You are now going to multiplex. Why do we need so many of you?

Mr. DUGGAN. Because we have so much content and not enough shelf space. We have so many wonderful things that we want to do for the American people. Kids' programming, more of it over more time. How-to and educational lifelong learning, more of it, instructional public affairs. We are like a library with so many books and not enough shelves to put them on. We have so many great things we want to do for the American people, we need those extra channels.

Mr. TAUZIN. Ms. Courtney?

Ms. COURTNEY. I don't know, I'm exhausted.

As Ervin indicates, there is so much opportunity to do so much. But I have to tell you, I am Chairman of the Board of America's Public Television Stations. We in our local communities are doing

things directly in communities that will not be done by a remote site out of some remote cable head end. And quite clearly, no one is going to be doing the documentary that we are doing this year on the expulsion of the Acadians from Nova Scotia.

Mr. TAUZIN. I think we should end the hearing right here.

Ms. COURTNEY. But to very specifically say that as we look into your community and we say, what are your particular needs, clearly in Louisiana we have some very specific needs that are unique to our community, and we are addressing them. This is true in Florida, in each State. And those local stations.

Mr. TAUZIN. I think we all need to focus on something, though, and really think about this. When broad band does in fact allow for the distribution of hundreds, perhaps thousands, of television broadcast channels on the internet, and the internet is intricately connected to the television set, I was at the cable convention in Chicago and saw technology that is doing that today in buckets. Not just web TV, but other technology that is beginning to be introduced.

When all that happens, the question is, what is going to be the value of a local television commercial station in that kind of a marketplace, if it does not become extraordinarily local? So my guess is that the local television stations are going to become much more competitive for covering local events and being more local. The question will rise again, what is the value of a public television station in that world?

Ms. COURTNEY. Clearly they are advertiser driven. You know, you and I, my husband was in commercial television for some 20 years.

Ms. TAUZIN. I want you all to focus on that, what a volatile household. She has a commercial anchor living with her.

Ms. COURTNEY. And the interesting thing is, truly when you begin with what your mission is, and Ervin said that so well, I think of us as being part of a citizen democracy where we are mission driven. Frankly, the shareholders then are the American public that we have to report back to, not the investors. It is a big difference. I have done commercial television, and I have done most of my life public television. There just is a difference.

Mr. TAUZIN. By the way, LeVar, Bob Courtney does look like a Klingon. I want to put that on the record.

Mr. KLOSE. Mr. Chairman, we are a little bit out numbered here, we in radio, at this table. But I would like to say that our member stations, more than 50 percent of their clock right now, their broadcast clock, is local programming. They bring civil values and civic discourse in a way that is local in its nature, local in its focus and local in its contact. It cannot be duplicated, even by national services as, let's say, National Public Radio itself, as a programming entity, is.

When you add that to the kind of national and international voices that NPR as a programming entity can bring to those local stations and those local listeners, you have an amalgam that is without parallel in the country. The multiplication of many channels and many sources of information is not going to necessarily break that up.

Mr. TAUZIN. I want to give you three challenges as we leave. One is obviously, we have a lot of support in the committee. I think the co-sponsorship is going to grow on the bill and we will have a chance to move it rapidly. Chairman Bliley has given us the green light on this, and we hope to get a bill done as rapidly as we can.

But obviously, it is very important that you fan out, make sure that we have great support when we get to the Rules Committee and the floor with this legislation. This is a time problem, if we are going to get you on a track to make the digital conversion, well and expertly, and in fairness to the State legislators who are in fact investing on a local level into this venture. And to the public, who is equally contributing their moneys to it.

Second, please do not assume that because we are moving a straight authorization bill that we are not seriously concerned about some of the reforms that we have put before you. Continue please to dialog with us, and seriously work, Mr. Duggan, on not only making sure that there are standards at the national level, but at the local level, for the kind of commercialization we have seen. If digital sites are going to link up to commercial sites that are not subject to that code, then perhaps some changes need to be made. Perhaps they ought to not be linked, or they ought to be linked only on the condition that they are subject to the same kind of codal restrictions on over-commercialization of public broadcast sites on the digital web.

And third, I realize that you had not at least early been consulted on this microbroadcasting issue. But I would ask you please to get engaged with it. My particular concern, I have expressed it to the Chairman of the FCC in private meetings and have expressed it publicly, is that if we ever get to the point where we are making legal all these illegal broadcasters, that if everybody can own a station, God knows who would be licensed and how those stations would be controlled or regulated, but if everybody in the world could own a station, broadcast whatever they want, and we fracture the audience out there so badly, do we do real damage to the image and the work that public broadcasters do in a community.

If for example a microstation, five microstations in a community end up broadcasting to very specific segments of that community, does that destroy the work you have done in ethnic and multiracial type communities and outreach that public broadcasters have been so very successful in doing. I want you to think about that, please, and interact with us on that issue, as it may come up again. I think it has been put off for a while, but it may just pop up ever now and then. I urge you to pay some attention to it.

Finally, let me thank you all for the contributions you have made today. As I have said many times, I consider our work here in Congress is part of an educational process that probably ought to at some point earn some sort of degree. This is the best college in America. We have the best resources to come and educate us, and you constantly come and give us your time and the benefit of your knowledge. Shame us if we do not learn, we learn every time and we thank you for that.

LeVar, thank you particularly, sir. Hollywood and Washington always have this strange mutual admiration society if something

goes on. I don't know what it's all about, except we do admire the work you guys do. We particularly admire people like you whose work has more than just commercial value and commercial stardom connected to it. We appreciate the givers in your field, and you are one of those givers, and we want to thank you.

Mr. BURTON. Thank you, Mr. Chairman. I just would like to say that we have a fine champion in your leadership and the leadership of this committee in our common cause here. We certainly appreciate you.

Mr. TAUZIN. I want you to do me one other favor. I want you to critique that work done on the Acadian expulsion and make sure it's almost as good as Roots.

Mr. BURTON. I can almost guarantee there will be a fine program produced.

Mr. TAUZIN. Any other questions? Any other final comments? Mr. Klose.

Mr. KLOSE. Mr. Chairman, if I may, on the issue of the microradios, the position of the NPR board of directors is that, and I think it applies specifically to us, we of course embrace the principles of many voices and multiple sources of information. However, there are many technical issues with regard to the micros. We, in cooperation with CPB, are doing a series of engineering studies to find out what the nature of that interference might be. Until those issues are resolved, and they are very unclear right now, we need the most thorough engineering studies we can get to determine whether or not our current broadcast members, with their stations and their audiences, what the situation would be going forward with that.

Mr. TAUZIN. As a matter of fact, whereas we have given commercial television broadcasters new space, we are asking radio broadcasters to convert to digital in the current space, which I understand, I am no engineer, but my understanding is that is a much more complex sort of operation. The problems of interference are much more real. I would encourage you to keep us informed as to what you discover in that area.

Thank you again very much for your contributions today. The hearing stands adjourned.

[Whereupon, at 12:30 p.m., the subcommittee was adjourned, to reconvene at the call of the Chair.]

CORPORATION FOR PUBLIC BROADCASTING AUTHORIZATION ACT OF 1999

TUESDAY, JULY 20, 1999

HOUSE OF REPRESENTATIVES,
COMMITTEE ON COMMERCE,
SUBCOMMITTEE ON TELECOMMUNICATIONS,
TRADE, AND CONSUMER PROTECTION,
Washington, DC.

The subcommittee met, pursuant to notice, at 10:15 a.m., in room 2123, Rayburn House Office Building, Hon. W.J. "Billy" Tauzin (chairman) presiding.

Members present: Representatives Tauzin, Oxley, Stearns, Gillmor, Cox, Deal, Largent, Cubin, Shimkus, Wilson, Pickering, Fossella, Blunt, Ehrlich, Markey, Rush, Eshoo, Wynn, Luther, Sawyer, Green, and Dingell (ex officio).

Also present: Representative Norwood.

Staff present: Cliff Riccio, legislative clerk; Justin Lilley, majority counsel; Michael O'Rielly, professional staff member; and Andy Levin, minority counsel.

Mr. TAUZIN. The subcommittee will please come to order. We ask that all our guests take seats and that someone catch the door right behind you.

Good morning. Today we meet with a deep sense of disappointment. This subcommittee meets again today to discuss the Corporation for Public Broadcasting Authorization Act of 1999. What began as an attempt to fund Public Broadcasting while continuing debate on its reform has now broadened into an inquiry about the practices of certain recipients of CPB funds. This committee is deeply disappointed about the stories that have surfaced in the press about public broadcast stations sharing the names of their membership, personal information about their members, with third parties, in some cases with political parties.

Let me at the start disabuse hopefully this meeting of three, I think, misconceptions. The first is that as we begin this process on reauthorizing Public Broadcasting, the legislation was somehow set in stone. As you know, this member and together with the ranking minority member and I, we have worked very diligently on legislation designed to thoroughly reform the issue of Public Broadcasting, to bring Public Broadcasting not only into the digital age, but to reform it in many ways. We end some of the overlapping of functions, the duality of operations in certain communities to more properly fund it into the future, to end practices that have led to the commercialization of Public Broadcasting, and to diminish the need for Public Broadcasting to compete with commercial stations

both for commercially viable programming and advertising dollars. We scaled back that effort at the request of many of the members of this committee, including the chairman, to do a straight authorization.

Let me assure all the members of this committee that that was an open process, and remains an open process. Anybody has any problems with the original draft, the numbers contained in the original draft, were invited to the first hearing and are invited again to discuss those concerns with us that we might have a consensus package when and if this legislation moves. I would urge members to take advantage of that invitation and to work with the Chair that we might have such a good consensus package when, in fact, this legislation is brought forward for markup.

Second, the news we get from the newspapers about the activities of public broadcast stations in trading the names of their subscribers and other personal information about their subscribers with third parties is disturbing in not one, but two major aspects. The first is that a publicly supported entity should think for a moment that it has the right to trade private information about citizens of this country who deign to support it with any third party for commercial benefit is outrageous, should be outlawed if it is not yet, and will be outlawed if we have the chance to do so in legislation this year.

Second, trading that information with a political party, with a public broadcast station cozying up to any political party, any of the political parties in America, is outrageous. The idea that public funds spent at a public broadcast station should ensure the benefit of any one of the political parties of our country is outrageous. It threatens the integrity of Public Broadcasting. It further deepens the suspicion that many people have had about Public Broadcasting, and it damages the efforts being made in Washington, DC, and across America to build public support for this adventure.

Let me as a third point disabuse, I hope, our public broadcast stations of a third notion. The notion that insulating the cooperation with political parties through so-called brokers somehow means that the station did nothing wrong is a false, erroneous notion. The fact that public broadcast stations may have chosen to sell or trade the list of their personal information about their subscribers through a broker to any political party or any third party is equally egregious, equally wrong, and I hope this committee will join me in outlawing it.

Finally let me say we have asked our witnesses and the Corporation to help us do an assessment of the activities of public broadcast stations across America before this hearing today. I am disappointed that in many cases the public broadcast stations have responded that, well, we don't know. We had somebody doing our—third parties doing our work. Third parties have handled the distribution of our lists. Third parties have handled—somebody did it, and they are gone now, and we don't know whether or not our station engaged in these practices.

Let me assure you if the information we derive this morning is not accurate and complete, the Chair will call for a GAO investigation.

Our first job as a committee is to get the facts. We will get the facts about these activities. We will learn them thoroughly. We will understand the motives and the rationale behind these acts before we proceed with any legislation. And if we cannot obtain that information directly from our witnesses or from the Corporation, we will ask the GAO to do so for us.

And finally, let me return to the word I used at the beginning of this session. I start this hearing with disappointment. Many of us who look upon Public Broadcasting as a real national asset. To have it tarnished in this way, to have any station, executive, agent, or employee tarnish it in this way is a crime, a sin, and a shame. We are going to deal with this. We are going to make these practices, I think, illegal before we are through, and we are going to put this behind us. But the damage done to Public Broadcasting is real, and those responsible for it ought to be ashamed.

The Chair yields now to the gentleman from Massachusetts, Mr. Markey, for an opening statement.

Mr. MARKEY. Thank you, Mr. Chairman, very much. I want to commend you for calling this additional hearing on legislation to reauthorize the Corporation for Public Broadcasting. I am, along with you, Mr. Chairman, an original cosponsor of the Corporation for Public Broadcasting Reauthorization Act of 1999.

The backdrop for this morning's hearing is the disclosure by a number of public broadcasting stations that its donor lists have been exchanged with political organizations. We know that portions of some lists have gone to Democratic National Committee organizations, and we also know that some lists have gone to conservative political organizations. If an entity doesn't keep an eagle eye on its list broker, that broker will go anywhere with the donor lists that the law allows. I think that we can all quickly reach a consensus here on the subcommittee that such donor lists sharing either with Democrats or Republicans, conservative or liberal political organizations is inappropriate and should be prohibited in the future.

We can join together in making sure that such conduct is prohibited by law, and after having readily agreed on a bipartisan basis to prohibit the prospective sharing of lists with political parties, candidates, or organizations, the question then arises as to whether or not we are going to starve the system as well. Will we cut the funding? Will we punish the system?

It seems to me that cutting the funding would result in these stations continuing to look for additional, more commercial sources of revenue such as sales or swaps of donor lists or pushing the line even further on underwriting acknowledgments on the air. The legislation Chairman Tauzin and I have introduced was designed to get the system away from these commercial pressures by giving it the funding needed to insulate it sufficiently from the creeping commercialism we have seen in recent years. If we cut the funding, we fuel the proclivity in some stations to experiment and depart at times from public broadcast's noncommercial mission.

I believe the legislation introduced by Chairman Tauzin and myself underscores the bipartisan support that Public Broadcasting enjoys throughout America. I believe that the funding levels in the legislation reinforces the firm commitment in Congress to providing

an electronic oasis for learning and information in what has been called the vast wasteland of commercial television. Free over-the-air noncommercial television and radio are indispensable media outlets in our communities today by millions of Americans, and especially millions of children and their parents. We must remember that telecommunications technology can only empower those who can obtain it or those who can afford to get it. Not every American family can afford cable.

And let's just check it on the TV listings for the upwards of 35 percent of America's children who live in families who do not subscribe to cable. What's been on free over-the-air commercial TV for them in the last few days? Well, on Jenny Jones today is a show called controlling husbands. Also on Leeza is sexuality in the U.S.A. On Jerry Springer, we have tales of infidelity. Yesterday, Jerry had secret sex lives, while on Maury there was a show entitled wild teens visit prison. Ricki Lake had lie detector tests gauge mates' fidelity. Jenny Jones had on nubile fans, while Sally Jessy Raphael had women caught in love triangles. Last week noncable families could have sat in the living room and watched women flaunt buxomness on Jenny Jones, or they could have seen gender-bending situations on Jerry Springer.

Compare that with Public Broadcasting today. Here in Washington examples of what is on WETA and on just about every other public television station in America include starting the morning with Arthur. Then we have Barney and Friends, Whimsy'S House, Sesame Street, Big Comfy Couch, Health Week, Travel Magazine, Antiques Road Show, Mr. Rogers, Puzzle Place, Wishbone, Zoom, all kid-friendly shows all the way up to the point at which the News Hour with Jim Lehrer begins at 6 or 6:30 or 7 on public broadcasting stations. This lineup is then followed in the evening with quality programming dramas, science shows or history shows.

At a cost of just over $1 per year per person, what parents and kids get from free over-the-air public TV and public radio is an incredible bargain. As I said at the first hearing, to me the question is not can we afford it, but rather can we afford to lose it at $1 per person per year?

Again, I want to thank Chairman Tauzin for the hard work and attention he has brought to this issue, and I look forward to working with him as we further explore important public policy issues related to Public Broadcasting. Again, I look forward to hearing from our expert panel without question, though I agree with the chairman that the activities which have been identified in the last couple of weeks have to be prohibited. We have to ensure that on a bipartisan basis we say no to those kinds of activities that have been identified that blur the distinction between the public broadcasting system and the partisan political network in our country.

I thank the chairman for holding this hearing. I yield back the balance of my time.

[The prepared statement of Hon. Edward J. Markey follows:]

PREPARED STATEMENT OF HON. EDWARD J. MARKEY, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MASSACHUSETTS

Good Morning. I want to commend Chairman Tauzin for calling this additional hearing today on legislation to re-authorize the Corporation for Public Broadcasting.

I am an original cosponsor of the "Corporation for Public Broadcasting Reauthorization Act of 1999," introduced by Chairman Tauzin.

The backdrop for this morning's hearing is the disclosure by a number of public broadcasting stations that its donor lists have been exchanged with political organizations. We know that portions of some lists have gone to the Democratic National Committee and we also know that some lists have gone to conservative political organizations. If an entity doesn't keep an eagle eye on its list broker, that broker will go anywhere with the donor list that the law allows.

I think that we can all quickly reach a consensus here on the Committee that such donor list sharing—either with Democrats or Republicans, conservative or liberal political organizations—is inappropriate and should be prohibited in the future. We can join together in making sure that such conduct is prohibited by law.

After having readily agreed on a bipartisan basis to prohibit the prospective sharing of lists with political parties, candidates or organizations, the question then arrives as to whether or not we are going to starve the system as well. Will we cut the funding? Will we punish the system? It seems to me that cutting the funding would result in these stations continuing to look for additional, more commercial sources of revenue—such as sales or swaps of donor lists, or pushing the line even further on underwriting acknowledgments on the air.

The legislation Chairman Tauzin and I have introduced was designed to get the system away from these commercial pressures by giving it the funding needed to insulate it sufficiently from the "creeping commercialism" we have seen in recent years. If we cut the funding, we fuel the proclivity in some stations to experiment and depart at times from public broadcasting's non-commercial mission.

I believe the legislation introduced by Chairman Tauzin underscores the bipartisan support that public broadcasting enjoys throughout America. I believe that the funding levels in the legislation reinforces the firm commitment in Congress to providing an electronic oasis for learning and information in what has been called the vast wasteland of commercial television. Free, over-the-air non-commercial television and radio are indispensable media outlets in our communities today for millions of Americans and especially millions of children and their parents.

We must remember that telecommunications technology can only empower those who can obtain it or those who can afford to get it. Not every American family can afford cable. And let's just check in on the TV listings for the upwards of 35 percent of America's children who live in families that do not subscribe to cable. What's been on free over-the-air commercial TV for them over the last few days?

Well, on Jenny Jones today is a show called "Controlling Husbands"; also today on Leeza is "Sexuality in the USA", on Jerry Springer we have "Tales of Infidelity". Yesterday Jerry had "Secret Sex Lives" while on Maury there was a show entitled "Wild teens visit prison." Ricki Lake had "Lie detector tests gauge mates' fidelity". Jenny Jones had on "Nubile Thangs" while Sally Jessy Raphael had on "Women caught in Love Triangles". Last week, non-cable families could have sat in the living room and watched "Women Flaunt Buxomness" on Jenny Jones or they could have seen "Gender bending situations" on Jerry Springer.

Compare that with public broadcasting today. Here in Washington, examples of what's on WETA include starting the morning with "Arthur," then we have "Barney and Friends," "Wimzie's House," "Sesame Street," "Big Comfy Couch," "Healthweek," "Travel Magazine," "Antiques Roadshow," "Mr. Rogers," "Puzzle Place," "Wishbone," "Zoom"—all kid-friendly shows all the way up to the Jim Lehrer Newshour. This lineup is then followed in the evening with quality programming dramas, science shows, or history shows.

At a cost of just over $1 per year per person what parents and kids get from free over-the-air public TV and public radio is an incredible bargain. As I said at our first hearing, to me, the question is not, "Can we afford it?," but rather, "Can we afford to lose it?"

Again, I want to thank Chairman Tauzin for the hard work and attention he has brought to this issue and I look forward to working with him as we further explore important public policy issues related to public broadcasting. And again I want to thank our expert panel of witnesses for being with us this morning and look forward to their testimony.

Mr. TAUZIN. I thank the gentleman.

I yield now to the vice chairman of the Telecommunications Subcommittee, the gentleman from Ohio, Mr. Oxley, for an opening statement.

Mr. OXLEY. Thank you very much, Mr. Chairman.

Mr. Chairman, in 1984 when Ronald Reagan was in his first term in the White House and I was in my second term in the House, my first on the Energy and Commerce Committee, I offered four amendments to two CPB authorization bills. The measures I sought to amend would have authorized three times the Reagan administration's budget request for Public Broadcasting. The first amendment was designed to cut the authorization back to a mere 25 percent increase. The second would have reduced CPB funding to the administration's request. Republicans were deep in the minority in those days, and both of my amendments failed miserably. However, both measures were vetoed by President Reagan, who, in his first veto message said that he would have supported the more reasonable funding levels of my amendment.

Well, the more things change, the more they stay the same. Mr. Chairman, when we consider authorization levels for Public Broadcasting, I believe we have to ask ourselves the following threshold question: Should the viewing habits of those who watch Masterpiece Theater really be subsidized by those who prefer the World Wrestling Federation?

In all seriousness, Mr. Chairman, I appreciate the importance of reauthorizing the CPB, and I understand the need to do so in a timely fashion. I support reauthorizing the CPB, and I support helping fund the transition to digital broadcasting, but not without reform and not at the levels contemplated under the legislation before us.

Of course, the chairman has acknowledged these concerns, and I appreciate his willingness to work with us to put together a package that we can all support.

I believe there is consensus on the committee that Public Broadcasting needs reform. In my opinion, one of the major goals of such reform should be to point Public Broadcasting in the direction of self-sufficiency and move away from the cycle of annual appropriations. In the past, the Corporation for Public Broadcasting has been challenged to come up with innovative new sources of funding to replace tax dollars, whether it be enhanced underwriting or enhanced advertising, something that I proposed about 10 years ago. We had some support at that time from the public broadcasting stations, including the gentleman who headed up the Public Broadcasting System in Chicago, who was very much in favor of what we tried to do in regard to enhanced underwriting and advertising. But unfortunately the powers that be at Public Broadcasting prevailed, and we continue to increase public funding.

We have talked about increased royalties from the marketing of licensed merchandise, consolidation of facilities or some other marketplace solution. After all, if CPB funding makes up only 14 percent of public broadcasting's total budget, self-sufficiency seems like a reasonable goal. Yet here we are in 1999 with business as usual and no reforms in place. The only real change is the CPB's budget requests have gotten a lot higher.

And then this list-swapping scandal comes along. When WGBH first got caught, they said it was a one-time mistake by a low-level employee. Now we are learning drip by drip it is a widespread practice going back years and years. Worse, it makes WGBH's initial public statement look like a failed attempt at some type of

cover-up. Even as a Public Broadcasting watchdog, I never would have guessed that a public broadcasting station would engage in anything so stupid and so nakedly partisan. What's more, the stations engaged in these inappropriate arrangements with the DNC are the very stations responsible for the bulk of the programming produced by public broadcasters. This is not the place you want to uncover proof of partisan bias.

Mr. Chairman, I thank you for calling today's hearing. I look forward to getting some answers out of the first panel. I look forward to moving a reform reauthorization bill in the very near future, and I yield back.

Mr. TAUZIN. I thank the gentleman.

The Chair now yields to the ranking minority of the full committee, the gentleman from Michigan, Mr. Dingell.

Mr. Dingell, again, the Chair appreciates the cooperation of the gentleman from Michigan in the waiver required for us to have this hearing today.

I now yield to the member from Michigan.

Mr. DINGELL. Thank you. We are delighted to talk to the Chair on these matters, and I commend you for holding this hearing.

First of all, Mr. Chairman, I ask unanimous consent to revise and extend my remarks. Second of all, Mr. Chairman, I wish to make just a few brief comments.

Mr. TAUZIN. Without objection.

Mr. DINGELL. Thank you, Mr. Chairman.

I certainly hope that the recent controversy over the fact that some public stations have shared their donor lists with political groups doesn't overshadow the importance of maintaining a strong and vibrant Public Broadcasting Service for the people of Massachusetts, California, and every community in between. I would like to say that I regard this as a valuable, important and useful service to all Americans, and I am, of course, pleased to support it.

I hope that we will get to the bottom of the questions associated with the rental of lists, et cetera. I note that is about to be a matter of some discussion here, and I hope that this would indicate on the part of my Republican colleagues that their outrage over this matter would indicate that they intend to move forward toward some kind of campaign finance reform. I think it augurs well.

Thank you, Mr. Chairman.

[The prepared statement of Hon. John D. Dingell follows:]

PREPARED STATEMENT OF HON. JOHN D. DINGELL, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MICHIGAN

Thank you, Mr. Chairman, for recognizing me. Just a few weeks ago, Members of this Subcommittee heard testimony from a large panel of distinguished witnesses on the bill to reauthorize the Corporation for Public Broadcasting, H.R. 2384. They were unanimous in strong support of this legislation, Mr. Chairman, and for good reason. It is a fine bill; one which I was proud to be an original cosponsor with you and the Ranking Member of the Subcommittee, Mr. Markey.

Mr. Chairman, you are to be congratulated on your effort to pass the first reauthorization of public broadcasting since 1992. But, more importantly, you are to be congratulated for drafting a bill that is truly supportive of the valuable public service that non-commercial broadcasting provides.

Today, more than ever, the American people are yearning for an alternative to what many see as a decay in the quality of programming on commercial radio and television. During the last hearing, we discussed a recent report by the Annenberg Public Policy Center on the current state of children's television. It came as no sur-

prise that the trends were disturbing. There is more violence, more sex, and more suggestive language in programs aimed at our children today than at any time in the history of television.

These results come despite commitments by commercial broadcasters to air more children's educational programming, and despite the introduction of a new television ratings system. As well meaning as these efforts may have been, they are no replacement for the development of more and better programming by non-commercial broadcasters whose motives and mindset are fixed on values other than the bottom line.

Mr. Chairman, I certainly hope that the recent controversy over the fact that some public stations have shared their donor lists with political groups doesn't overshadow the importance of maintaining a strong and vibrant public broadcasting service for the people of Massachusetts, California, and every community in between.

I know you share the view of most Americans that the efforts of public broadcasters pay dividends far greater than the amount we invest as a nation. The public doesn't want Congress to censor the programs they don't like; rather, they want us to encourage the creation of shows that they do. That is precisely the mission of public broadcasting, and I hope the Committee will stand firm in its commitment to authorize funding that pays more than lip service to the needs of our nation and its children.

I yield back the balance of my time.

Mr. TAUZIN. I thank the gentleman.

I recognize the gentleman from Florida Mr. Stearns for an opening statement.

Mr. STEARNS. Thank you, Mr. Chairman. Let me compliment you for calling this hearing and in a timely manner. As my colleagues know, we are here also to talk about—to address the issue of authorization levels, and this controversy, I have great empathy for our witnesses today. I think every Member of Congress has been in a position where he or she has had to explain something where something has happened in their campaign or congressional career which they couldn't quite fathom. So I think we are all a little sympathetic with you, and we are here to help you, but we also have to get to the bottom of this.

One of the things, before I go on to this controversy, I might talk about is the authorization levels in H.R. 2384 I don't think are going to happen. It does not equate to these appropriations, so I think it is unlikely that this committee will receive or appropriate those kind of levels. So then that leaves us with the question as how are we going to go about and fund CPB and the American public television networks. I think some of the questions that we are going to ask you are going to have to provide answers on how you think we should go forward the next 5, 10 years, and I will associate my comments with my colleague from Ohio that sometime down the road we should privatize public television so that you don't have to go through these tortuous hearings and explanations.

And perhaps one thing you might comment on is perhaps how generous underwriting rules might be changed to allow you to move to digital conversion, because remember, Congress itself has mandated that you move to digital conversion. And so with that in mind, I think Congress has to understand we must provide some means and help so that you can do that.

That being said, let me just take the latter part to address the sharing of donor lists between public television stations and political or social organizations.

I think the chairman's quote that was in the New York Times editorial today in which he said, quote, it undermines the faith in

broadcasting, I think sums it up how all of us feel, but I would point out in today's Washington Times, they say that public television and radio stations have swapped their membership lists with groups that support, support, abortion, gun control, and other very politically charged issues.

Now, this is very difficult for, I think, people to understand. When you are swapping your donor lists with Handgun Control, Incorporated, Planned Parenthood, and Zero Population Growth is just a few of the groups the public stations have swapped with, and I think many of us find that this undermines our faith in Public Broadcasting. And even how it was handled with the Boston station, WGBH, you know, at one time they had reported that this is a one-time mistake is what they said, and lo and behold, they later revealed, in fact, that that was not true, and they had been sharing their donor lists with the Democrat National Committee beginning in the 1980's. And so, I mean, the story starts to unravel, and then we find it is across the country that they are doing this.

I think, Mr. Chairman, I would suggest that Public Broadcasting come up with a solution in which they have an outside commission or an outside board investigate this and not come forward and say, our inspector general said such and such. I think your credibility has been undermined. I think you have an opportunity to restore yourself, and I think it can only be done by someone outside Public Broadcasting. And so I call on you today to put into your game plan an outside group of individuals respected by both sides, by all people in America, to investigate this so that we can get to the bottom of this, and obviously on a legislative side, we intend to make sure this doesn't happen again.

So I feel some compassion for you folks on the witness stand today, and I think as members, we have to come up with a solution here so that we can get to the next 5 to 10 years where they are privatized, as my colleague from Ohio has said, and I think if we do that, then Public Broadcasting can make the move to digital, and then in the end we will have a more competitive organization. And I thank the chairman.

Mr. TAUZIN. The Chair thanks the gentleman.

The gentlelady from California, Ms. Eshoo is recognized.

Ms. ESHOO. Thank you, Mr. Chairman, for holding this hearing today. I, along with, I think, everyone that is here, is disappointed that we have to be here today to discuss the sharing of donor lists by PBS stations with political organizations. Everyone knows it is wrong. Everyone senses the sting of the embarrassment, and I hope that what is necessary to come out in a hearing will be separated out from some of the comments that Mr. Markey made about what a great value Public Broadcasting is to the people of our Nation. While I still believe the funding we will provide for CPB presents one of the very best investments Congress can make, this episode has left me feeling really let down and, most frankly, over the weekend sometimes angry, but we have to move on.

I understand that the affiliates involved have begun to implement internal procedures to end this. I am sure that there is a scramble to do so, and I think that that is important. In light of the current situation, perhaps these internal policies really won't be enough. I think that whatever emerges has to give the American

people the confidence that this simply cannot penetrate any station anymore, and I think that good policy can assure that.

Obviously, there isn't any excuse for the mistakes that have been made. The Washington Post today, I think, used the word "stupidity," and it stands in such stark contrast to the extraordinary intelligence that has been applied artistically and otherwise to PBS.

It is my hope that my colleagues won't use this episode as a return really to what we experienced here in the Chambers 4 years ago when my Republican colleagues were putting the entirety of Public Broadcasting squarely on the chopping block. If we do that, we are really going to be punishing the American people. That is not a solution.

Today we are going to hear during our second panel witnesses testifying that the Federal Government has no business in funding Public Broadcasting. Fortunately, we are also going to hear testimony from famous filmmaker Ken Burns, whose films have added so much to the understanding of the American people of their own American history.

Mr. Burns points out in his written testimony that were it not for the grant that he received from CPB, his brilliant series on the Civil War would have never been made. I am certain that all of us, each of us, can think of many, many fine examples of similar excellent programming that Public Broadcasting has produced.

So it is my great hope, Mr. Chairman, that the mistakes that have been made by a number of stations do not poison the well and that, once again, if the Congress punishes the stations, they will indeed be punishing the American people.

So I can't say that I am looking forward to the painful testimony today. It is necessary. The American system is one that brings things out into the public and that we move on from what we learn so that we make sure that these mistakes are not made again. I would support language in the reauthorization that would essentially outlaw any exchanging or selling of lists. As a Democrat and as a great supporter of KWED and public broadcasting, I really don't need to have my party involved in it. It is enough, I think, as a contributor to my party that I raise my voice in support of Public Broadcasting. So I don't need the lists sold or exchanged or shared.

Again, I don't look forward to all of this. I wasn't looking forward to walking into the hearing room today, but we can do this. We will get through it, and let's just make sure that we leave this intact and whole, because I really think it is a gift to the American people, and separate all of this out, make it illegal, set good policies and move on. Thank you.

Mr. TAUZIN. The Chair thanks the gentlelady.

The Chair yields to the gentleman from California, Mr. Cox, and at the same time the chairman would like to commend the gentleman for his interest in this matter and for the attention he has paid to it, and also to reassure the member that we intend a second hearing so we can hear a number of the witnesses whom he wanted to hear who could not be here today.

The Chair now yields to Mr. Cox.

Mr. COX. I appreciate the chairman. As you know, I also paid a special interest in the oversight investigation subcommittee hearing going on upstairs, so I will try also to pay attention to its simultaneously occurring.

Government-funded mass media is a dangerous admixture. It requires an exception to our general rule that free expression in a free society will be hindered if it is influenced by the government. It requires a presumption that the marketplace of ideas will be devoid of some very important commodity unless government steps in to fill the void. In the information age that presumption is increasingly subject to question, but if we accept that presumption, and if we make an exception to the rule against government involvement in the content of mass media America, then very sturdy firewalls are needed to prevent politics from infecting programming content. The fact that taxpayer-financed public television and radio is sharing its donor lists with the Democratic National Committee, Zero Population Growth, and other political organizations makes it clear that those firewalls are not in place.

Today's Washington Post editorial page appropriately calls this stupidity. The New York Times calls it an extraordinary display of carelessness. The Boston Globe notes, it appears to violate public television's tax-exempt status.

Mr. Chairman, I would like to second your request for the General Accounting Office to fully examine these matters. This will help us get to the bottom of it. It is ironic that today's hearing comes on the heels of our hearing just last week on how best to protect consumer privacy in the information age. At that hearing members on both sides of the aisle, Republican and Democrat, talked about how important it is for enterprises that collect personal information to accurately inform consumers about whether and with whom they will share this information. We heard testimony from the members of the Federal Trade Commission that there should be consequences for enterprises that fail to live up to sound privacy policies. WGBH, the well-known PBS affiliate in Boston, actually assured its consumers that it had an official station policy against sharing its members' names, addresses, and other information with partisan political groups, but this policy, as was recently discovered, was apparently just lip service.

A 4-year-old boy, Sam Black, is a fan of the Barney television show, which airs in his hometown of Wellesley, Massachusetts. Sam's mother, Jody Black, sent WGBH a $40 check for their children's program. She included Sam's name with a donation. Later 4-year-old Sam Black received a fund-raising letter from the Democratic National Committee seeking his financial help in getting Democrats elected to office. Initially WGBH attempted to suggest this was an inadvertent violation, a misunderstanding. The station's vice president for communications blamed it on a new employee, but once the Boston papers began to dig deeper, it became clear that this practice of selling names, addresses and other personal information was officially sanctioned by the executives at the station.

So the question before us today is what did the Corporation for Public Broadcasting do when it learned of these reports in early May 1999? To quote from an editorial in today's New York Times,

"amazingly the Corporation for Public Broadcasting, which distributes Federal money to stations, did nothing."

Since then, the media, not the Corporation for Public Broadcasting, not taxpayer-supported media, but first-amendment-supported media, have discovered that this practice of selling or swapping names and addresses and other personal information with Democrat fund-raisers is far more widespread. In San Francisco, KQED admitted sharing its membership lists with the campaign to reelect Senator Barbara Boxer. They also shared it with the Democrat National Committee. Senator Boxer's office has, in fact, confirmed using the list for fund-raising purposes.

The New York Times said today organizations that depend partly on public money to survive should not play politics. That was their editorial. And the Times added, this ought to be a simple and self-evident rule. We should hold public broadcasters accountable to this simple and self-evident rule, and we should insist that PBS hold its own employees and its member stations fully accountable.

I thank the chairman.

[The prepared statement of Hon. Christopher Cox follows:]

PREPARED STATEMENT OF HON. CHRISTOPHER COX, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

Government-funded mass media is a dangerous admixture. It requires an exception to our general rule that free expression in a free society will be hindered if it is influenced by government. It requires a presumption that the marketplace of ideas will be devoid of some very important commodity unless government steps in to fill the void. In the Information Age, that presumption is increasingly subject to question.

But *if* one accepts it, and *if* we make an exception to the rule against government involvement in the content of mass media in America, then very sturdy firewalls are needed to prevent politics from infecting programming content. The fact that taxpayer-funded public television and radio are sharing their donor lists with the Democratic National Committee, Zero Population Growth, and other political organizations shows those firewalls don't exist.

Today's *Washington Post* editorial page appropriately calls this list-sharing "stupidity." The *New York Times* calls it "an extraordinary display of carelessness." The *Boston Globe* notes it appears to violate public television's tax-exempt status.

Mr. Chairman, I'd also like to second your request for the General Accounting Office to fully examine these matters. This will help us get to the bottom of these matters.

It is ironic that today's hearing comes on the heels of our hearing just last week on how best to protect consumer privacy in the information age. At that hearing, members on both sides of the aisle—Republican and Democrat—talked about how important it is for enterprises that collect personal information to accurately inform consumers about whether, and with whom, they will share this information. We heard testimony from the members of the Federal Trade Commission that there should be consequences for enterprises that fail to live up to sound privacy policies.

WGBH, the well-known PBS affiliate in Boston, actually assured its consumers that it had an official station policy against sharing its members' names, addresses, and other information with partisan political groups. But this policy, as was recently discovered, was apparently just lip-service. We learned this in the case of Sam Black, a 4-year old boy.

Sam is a fan of the "Barney and Friends" television show, which airs in his hometown of Wellesley on WGBH. Sam's mother, Jody Black, sent WGBH a $40 check to thank them for their children's programming. She included Sam's name with the donation. Later, 4-year-old Sam Black received a fundraising letter from the Democratic National Committee, seeking his financial help in getting Democrats elected to office.

Initially, WGBH attempted to suggest this was an inadvertent violation, a "misunderstanding." The station's vice president for communications blamed it on a new employee. But once the Boston papers began to dig deeper, it became clear that this

practice—selling names, addresses, and other personal information—was in fact sanctioned by the executives at the station.

What did the Corporation for Public Broadcasting do when it learned of these reports in early May? To quote from an editorial in today's *New York Times*: "Amazingly, the Corporation for Public Broadcasting, which distributes Federal money to stations, did nothing."

Since then, the media—not CPB, not taxpayer-supported media, but First Amendment-supported media—have discovered that this practice of selling or swapping names, addresses, and other personal information with Democrat fundraisers is far more widespread.

In San Francisco, KQED admitted to sharing its membership lists with the campaign to re-elect Senator Barbara Boxer. They also shared it with the Democrat National Committee. Senator Boxer's office has in fact confirmed using the list for fundraising purposes.

"Organizations that depend partly on public money to survive should not play politics," the *New York Times* rightly states. And, the *Times* add, this ought to be a "simple and self-evident rule." We should hold public broadcasters accountable to this rule. And we should insist that CPB hold its own member stations fully accountable.

Mr. TAUZIN. The Chair thanks the gentleman.

The gentleman from Ohio Mr. Luther is recognized.

Mr. Luther is not here. The gentleman Mr. Sawyer is recognized.

Mr. SAWYER. Thank you, Mr. Chairman, for having this hearing. I think we all come here with a measure of discomfort over the specifics that bring us here today. I simply want to say that I hope that the committee will not substantially revise its approach, which was developed in a quieter environment, in terms of the way we expect to support public television and Public Broadcasting in general over the next few years. We certainly should not penalize public broadcasters because of the mistakes of a few stations or, frankly, the deep misjudgments of the few individuals within them. Public television, Public Broadcasting, public radio hold this Nation together in ways that very few other institutions do.

It is in the face of this that I suppose that I really appreciate what the gentleman, Mr. Cox, had to say about the perspective that this places on privacy to begin with. The notion that broadcasters would sell donor lists to any third party brings deep dismay at the fact that my donation would be available as a matter of what I would never have suspected to be public record. But having said that, it puts into real perspective the rage that many of us feel in the selling of vastly more sensitive information about ourselves and our families, our finances, and our health issues for commercial gains in other settings in the way we talked about just last week. That is a far deeper violation of personal trust, and, frankly, it is not merely enough simply to inform me that you are selling this information about me. It seems to me we need deeper prohibitions there, perhaps even more importantly than we do on the subject that brings us here today.

Having said that, I do share that disappointment, but let me suggest that the role that CPB and all of its affiliates bring to the Nation is really much more than we get anywhere else. I know that we hear a great deal about the Discovery Channel and the History Channel, and that is wonderful, but the fact is that when we talk about privatizing Public Broadcasting, it seems to me that we lose the heart and soul that has made it what it is. Public broadcasting has been a pioneer in identifying and nurturing an audience for the kind of innovations and program content that today provides sub-

stantial commercial benefit in the cable environment. And that freedom to take risks in pursuit of quality is the hallmark of Public Broadcasting and is almost entirely absent from commercial television, not that quality programing is, but the ability to take that risk on a regular basis is, broadcast or cable, where even the very best programming often replicates innovations that were first proven in the public setting.

I am glad we have the Discovery Channel, and I am even more glad that they had public broadcasters who had the vision and the courage and the freedom to experiment beyond the realm of commercial programming. I hope we don't lose that, Mr. Chairman. I hope we don't lose that in the concern that brings us here together today. And I am grateful that we have the candid participation of so many leaders within the industry to share their perspective on this.

Thank you, Mr. Chairman.

[The prepared statement of Hon. Thomas C. Sawyer follows:]

PREPARED STATEMENT OF HON. TOM SAWYER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF OHIO

Thank you Mr. Chairman for holding this second reauthorization hearing for the Corporation for Public Broadcasting. I want to also thank our witnesses for coming to testify before us.

Recent discoveries in the past week have posed serious questions on how this Subcommittee should proceed with respect to providing a multi-year reauthorization for public broadcasting. We started out with legislation that would have provided a straight reauthorization—no reform or station matching requirements were included in the bill. I supported that effort. However, I have read reports that because of the recent list sharing discoveries that the Corporation's authorization level will be substantially reduced. I hope this Subcommittee reconsiders that approach. We should not penalize all public broadcasters because of the mistakes of a few stations—or, more precisely, the misjudgement of a few individuals within those stations.

As I have said before, public broadcasting not only brings the full range of entertainment, radio, and arts to the American people every day, it ties this Nation together. Without it many Americans would be deprived of the educational and cultural programs that these public broadcast stations provide.

I do not agree with the notion that the time has come for public broadcasting to stop receiving federal funding. Currently, federal funding for public broadcasting comprises only a small portion of the budgets for public broadcast stations. The remainder come from sources like private corporations, universities, and individual donors. Federal dollars help public broadcast stations to leverage their existing resources to meet the demands of their constituencies as well as to make necessary improvements to the stations.

I recognize that there are several other programs on cable networks, and occasionally on broadcast networks, that provide similar programming to that of the CPB's affiliates. For instance, the Discovery Channel has quality and educationally enhancing programming, but it is not readily available to everyone. Not everyone has the ability to subscribe to cable. However, public broadcasting's mission is to provide programming for everyone, including those who cannot afford cable to those who live in rural areas. That is one big distinction between the two. The other is that cable oriented programs can be susceptible to heavy commercialization. Therefore, who ever covers the cost of the program being aired can actually dictate what is being shown. To a large extent, that does not happen with programming aired by public broadcast stations.

Even more important, the CPB has been a pioneer in identifying and nurturing the audience for the kind of innovations in program content that today promises substantial commercial benefit in the cable environment. That freedom to take risks in pursuit of quality is the hallmark of public broadcasting and is almost entirely absent from commercial television, broadcast or cable, where even the very best programming often replicates innovations first proven in the public setting. I'm *glad* we have the Discovery Channel, and I'm glad *they* had public broadcasters who had the vision and courage and freedom to experiment beyond the realm of the commercially proven.

Mr. Chairman, these are just a few of my observations. Maybe in light of the recent developments we should consider requiring public broadcasters to make concerted efforts to reform some of their practices. However, I don't believe substantially cutting their funding level because there are other channels providing similar programming is the right approach. Public broadcasting serves as a primary resource for all of our constituents, and they deserve to continue receiving the quality programming they have become accustomed to receiving in the past.

Thank you Mr. Chairman.

Mr. TAUZIN. The Chair thanks the gentleman.

The Chair will now recognize the gentleman from Oklahoma. In doing so, the Chair would like to preface the recognition with an announcement. The Chair has asked for guidance from the staff on the question of members showing videos in their opening statements, and the Chair is prepared to interpret the rules to indicate that so long as members stay within the time allotted for opening statements, that members of the committee will be permitted to display video in connection with their opening statement.

The gentleman from Oklahoma, Mr. Largent, is now recognized for an opening statement.

Mr. LARGENT. Mr. Chairman, thank you for holding this timely hearing on the Corporation for Public Broadcasting, 1999 reauthorization. Needless to say, a great deal of information has come to light regarding the fund-raising methods of some of PBS's largest stations over the past week. What was first reported to be an isolated incident of donors list-swapping between the Boston PBS affiliate and the Democratic National Committee is in reality a widespread practice among PBS stations throughout the country.

Last week articles on the Corporation for Public Broadcasting chronicled the fact that PBS stations in New York, Washington, and San Francisco have entered into similar membership list-swapping, selling or renting arrangements with the Democratic National Committee. To be fair, it has also been reported that some of these stations have entered into membership list-swapping deals with Republican groups. Regardless of whether the list-swapping occurred with the Democratic National Committee or the Republican-leaning groups, this practice should not be condoned and should cease immediately.

If this story was not disheartening enough, I learned yesterday from an article in the Weekly Standard entitled, PBS's Massage Parlor, that all 500 employees at the Public Broadcasting Service's headquarters are eligible for federally subsidized massages during office hours. Apparently, according to the article, there is a massage signup sheet outside the sixth floor human resources offices. Those employees that don't have an opportunity to go to the sixth floor are notified by e-mail.

I don't think I am going too far out on a limb when I say that even the most ardent PBS supporter would find this to be an extravagant perk, especially considering that PBS is a not-for-profit corporation.

Mr. Chairman, at this point, with the subcommittee's indulgence, I would like to show a brief excerpt from a documentary that aired last month on a Nebraska public television station entitled, Its Elementary: Talking About Gay Issues in School.

[Videotape played.]

Mr. TAUZIN. The gentleman may proceed.

Mr. LARGENT. I have to believe, Mr. Chairman, that most parents in America would object to their 6- or 7-year-old being exposed to such mature subject matter at school at such a young age, being homosexual or heterosexual. I would venture to guess that most of the children in the video don't have the slightest idea of what a gay or lesbian lifestyle means, and furthermore, they are learning about it from a complete stranger. Nevertheless, according to the Nebraska's public broadcasting magazine, Nebraska ETV believes it is important to increase awareness and provide information about this divisive topic.

I know some are thinking that I am taking a few isolated incidents and blowing them out of proportion in an effort to defund the Corporation for Public Broadcasting. That is not my intent. Rather I am using these examples to highlight the need for reform at CPB. After 32 years it is time for CPB to become more self-sufficient. Simply put, Big Bird is nearly 30 years old, and it is time to leave the Federal nest.

It should not be as difficult as some might think. Federal funding accounts for only 14 percent of PBS's total operating budget. Notwithstanding the It's Elementary documentary, public broadcasting offers a great deal of quality programming such as the civil war and baseball anthology series produced by one of our witnesses today, Mr. Ken Burns. The PBS community has determined that it will need $1.7 billion to convert to digital television by 2003. They are requesting $700 million from Congress for this purpose. I am confident that this subcommittee, with the assistance of CPB and other interested parties, can work together to enhance Public Broadcasting's underwriting abilities and increase its licensing revenues from the sale of toys, books and videos associated with PBS programming to decrease the Federal share of the digital conversion cost.

As I stated earlier, Mr. Chairman, this should not be viewed as a partisan attempt to defund PBS. Rather it is a sincere effort to make CPB more efficient while saving several millions of American taxpayer dollars.

Mr. Chairman, I look forward to working with you and other members of the subcommittee on this issue, and I look forward to hearing from our witnesses.

Mr. TAUZIN. The Chair thanks the gentleman.

The Chair would advise members that we have been now called to a 15-minute vote on suspending the rules and passage followed by four 5-minute votes. The Chair will take an additional statement or two, and we will recess. I suspect it would be best to recess until the hour of noon so that everyone can—if you can catch a quick lunch before we come back. We will take a few more statements and recess until noon.

The gentleman, Mr. Green from Texas, is recognized.

Mr. GREEN. Thank you, Mr. Chairman, and I appreciate your calling this additional hearing. Let me say first that Public Broadcasting provides high-quality and educational programming for children. Such shows as Barney and Friends and Sesame Street have often been cited by parents as the best shows for children, and I know that, even though my children are now college graduates, they enjoyed that when they were that age.

I am a cosponsor of this legislation, and it goes a long way in assisting and providing for PBS stations to continue to provide these quality programs.

Let me address the recent controversy broken out on whether or not a PBS station has the legal right to trade, sell, or lease their donor lists to a political party. Let me say I am glad that KHOU TV in Houston has said they don't do that, and I think the concern I have is that the donor lists trading is wrong, and it should not happen, and we should stop it, if necessary, to do this reauthorization.

But let me go a step further in following up on Mr. Cox, using the same information that we did on the H.R. 10. Maybe we should require if there is a way to—that they want to earn money from those lists, it should be with the permission of that donor only, and if approved by the donors. And let's realize that these exchanges and lists were made to raise the 85 percent of the funding that the Federal Government can't provide. So in some cases maybe those local stations were much more aggressive than they should have been, but again, to raise 85 percent when we provide less than 15 percent, less than 14, according to my colleague from Oklahoma.

This, however, should not be the issue. We should look at how can Congress assist in providing the high-quality educational television and refocus on authorizing the Corporation for Public Broadcasting to make sure they have the necessary funds to continue to provide that broadcasting and also funds that they can convert to digital television.

And thank you, Mr. Chairman. I yield back my time.

Mr. TAUZIN. I thank the gentleman.

The Chair recognizes the gentlelady Mrs. Cubin for an opening statement.

Mrs. CUBIN. Thank you, Mr. Chairman. Thank you for holding this hearing. I can't help but wonder whether or not if you would ask those young children, babies really, after they had the presentation what is a gay person, if they might not have said it is somebody that jumps up and down on one foot and plays soccer. So I really feel that it is a violation of all parental guidance to have something like that be shown to children.

It was approximately 2 weeks ago when this subcommittee began to learn of the situation in Boston where WGBH, a tax-exempt public television station, shared the names of its donors with the campaign arm of the Democratic Party. Since that time the number of stations who engage in the same type of practice has grown considerably. In fact, over the last 48 hours I have learned of at least four or five other public broadcasting stations that have been sharing their list of donors with the DNC as well.

This hearing is going to be important in finding out how widespread this practice has become and what steps this subcommittee must take to end this illegal activity. From the press accounts I have read, there seems to be an inaccurate depiction by CPB and Public Broadcasting executives as to how serious this matter is. In several accounts I have seen the public television executives who have referred to this matter as a violation of station rules or a mistake made by inexperienced office personnel and the common practice by these types of organizations. Let there be no doubt this is

illegal activity. As a nonprofit organization, the Federal law prohibits CPB from sharing donor lists with any political organization or any political candidate. That is very clear. The sooner CPB admits to this illegal activity, the better.I am sure we all want to put this behind us, but unless there is some acknowledgment of wrongdoing, it will linger on with this committee or until this committee takes further action.

I join with the chairman in calling for a study by the GAO, and I also call on the Internal Revenue Service to investigate how widespread this problem is and to take action to stations that engage in political activities. If the IRS finds that this practice is engaged in by a majority of CPB-funded stations, it is my feeling that the CPB's tax-exempt status should be revoked and that Congress should begin a process of phasing out funding for CPB.

The conclusion has already been drawn that PBS and NPR programming can stand on its own without taxpayers footing the bill. The Federal Government's contribution to PBS is approximately 14 percent. It is my belief that the profit derived from the program-related merchandise and other commercial activities engaged in by CPB-sponsored stations will more than make up the difference.

Competitive, educational programming has taken root since the advent of CPB in 1967. The legislation that created public educational television was certainly important and necessary at the time. I think we in Congress do need to reevaluate as time passes, however. Today the educational void is being filled by private, commercial television stations that have proven successful in bringing intelligent and responsible programming to our Nation's children and their parents. At the very minimum, this committee must take a second look at the funding levels that are put forth in H.R. 2384. I commend Chairman Tauzin for his willingness to do that, and I applaud his leadership in addressing the subcommittee's concern.

I look forward to hearing from the panelists and thank you, Mr. Chairman. I yield back the balance of my time,.

The Chair thanks the gentlelady as usual for excellent comments and would now recess the committee until 12 noon. The committee stands in recess.

[Brief recess.]

Mr. TAUZIN. The committee will please come to order. The Chair recognizes the gentleman from Maryland, Mr. Ehrlich, for an opening statement.

Mr. EHRLICH. Thank you, Mr. Chairman. I do not have a written statement, but I understand the panelists are anxious to get going. I feel compelled to make a number of points, Mr. Chairman. One, I do want to associate myself first with remarks from my colleague from Ohio, Mr. Oxley.

Second, I want to acknowledge and thank the chairman for this hearing today and the scheduled hearing to follow. Third, I want to commend Congressman Largent for what he did today. Mr. Chairman, I, in response to the earlier hearing we had an opportunity to draft a letter dated July 6 to Mr. Duggan in follow-up to his testimony. And my first question in follow-up to his testimony was in relation to, pertaining to the phrase he used in his submission to the committee when he mentioned the public broadcasting services' cultural mission. I asked him to define for me PBS's cul-

tural mission and its collective efforts to successfully fulfill this mission. Obviously it is an issue important to members of this committee. It has already been said, and I would like to restate to the panel, we have sympathy for your position here. We have all been in this position, usually with reporters on the other side. Quite frankly I am less concerned with the distance faux pas. We can certainly correct it. I think we will do it through legislation. I am at least equally interested in the cultural mission of public broadcasting and the philosophical orientation that follows from that sort of phrase.

I really enjoy the member from Massachusetts not only in the gym but also his intellect, his sense of humor. We disagree a lot, but we have a lot of fun and I certainly respect him. I feel at least compelled to at least take 30 seconds to respond to his well stated remarks with respect to the trash that is on TV today. I do feel compelled as somewhat of a rejoinder to, and, I just pulled the listings today—mention the fact that on A&E and the Family Channel and Disney and the History Channel and Nickelodeon, we have America's Castles, we have investigative reports, biography, we have Walt Disney Presents, we have Amazing Animals. We have Firefighting. We have the Real West. We have the 20th Century. We have History Undercover. We have Tales of the FBI, we have Civil War Journal, we have Life in the ER, et cetera. There is quality, clearly, on cable television today. There is trash as well.

The bottom line, Mr. Chairman, is that we need to look at whether this public investment, and I think that is probably the appropriate term, will remain appropriate in the new millennium given what we have with respect to competition in that new millennium.

Again, I look forward to working with the ranking member and the chairman in regard to this very important issue, and I yield back.

Mr. TAUZIN. I thank the gentleman. The Chair now recognizes the gentleman from Maryland, Mr. Wynn, for an opening statement.

Mr. WYNN. Thank you very much, Mr. Chairman. I won't make any lengthy comments. I would like to say a couple of words, however. I think at our earlier hearing, we had an emerging bipartisan appreciation for the importance of public television in American life, and I was very encouraged by that. It is unfortunate that some recent events have apparently undermined that, and I would just say that I would hope that as a committee that we would not respond inappropriately to an isolated incident in such a way as to overturn the progress that has been made in this very important area. It seems to me that there is some individuals who are responsible and appropriate sanctions ought to be applied to those individuals for admittedly very poor judgment. But on the other hand, the overall mission of public television in this country is so important, and my colleague from Maryland alluded to the nature and quality of a program that is being provided that it would be, I think, a grave mistake if we were to take action in the heat of passion, as we sometimes say, that would undermine the overall accomplishments that have been made by public television.

So I would just say let us not let the baby out with the bath water. Let us exercise some restraint, apply sanctions where appro-

priate, but overall I think we were on the right track supporting public television. Perhaps with greater support these kinds of problems would not occur. I hope we would continue on the path that we started, which was to support enthusiastically public television.

I yield the balance of my time.

Mr. TAUZIN. I thank the gentleman. The chairman recognizes the gentleman from New York, Mr. Fossella, for an opening statement.

Mr. FOSSELLA. Thank you, Mr. Chairman. I guess the question I have is whether Elmo is a Democrat or Republican. The point is, is that we shouldn't have to ask such questions. And again I associate my comments with everyone who thanks the chairman and be given the opportunity to air this issue out. But frankly, in my view public broadcasting is a public trust. I think what has happened is that trust has been breached and my colleague Mr. Stearns said earlier I don't necessarily empathize with what you have to do now to answer for some of your affiliates but nevertheless the buck has to stop somewhere. And it begs the question if Mr. Chairman Tauzin had not delayed the markup last week to reauthorize the CPB and not called for this hearing when we would have discovered this information.

I think that begs the question as to who is doing the oversight. Is there adequate oversight by the CPB, among others? Does Congress have additional responsibility to conduct, I think, the oversight which we are doing today? Who knew about these practices and for how long? And whether there were guidelines at these affiliates, whether in Boston or California, and if there were such guidelines the people who violated those guidelines, did the superiors know about them? And are those people who violated those guidelines going to pay the price in some way?

We can have the philosophical debate and I think it is reasonable. I think there are those who say anybody who criticizes public broadcasting is a puritan. In fact, it is in someone's testimony here today. I disagree. I think you can have reasonable people disagree on the future of public broadcasting, the Corporation for Public Broadcasting, and its relationship to what Congressman Erhlich just pointed out, the plethora of options that the American consumer has when it comes to television. So I wouldn't advise anybody to get roped into that ideological sighting because folks here have genuine and I think real concerns and beliefs as to public money to subsidize entities that now we learn have gone to subsidize political activities.

So, Mr. Chairman, again I thank you for calling this and I sincerely appreciate your desire to work with Mr. Markey and the minority so that we can forge some kind of compromise but at the same time highlight that this type of stuff when taxpayer money is used can't and should not be tolerated.

I yield back. Thank you.

Mr. TAUZIN. I thank the gentleman. The Chair now recognizes the gentlelady, Mrs. Wilson, for an opening statement.

Mrs. WILSON. Thank you, Mr. Chairman. I will be brief. As I noted in our previous hearing on this subject, there is a certain irony in my addressing this issue since for 17 years of my adult life, I did not own a television and I still don't have cable television nor do I allow my children to watch much television. But there are

quality programs on public broadcasting as well as on commercial channels. There is no question in my mind about that. But I think we are dealing with a situation now where a handful of people have broken a public trust or behaved inappropriately and there are consequences both for those individuals or organizations who engage in inappropriate behavior, but I think those supporters of public broadcasting are also experiencing the fact it is a broader consequence, and a sad one.

Mr. Chairman, what I would like to say specifically or what I would like to address specifically is the challenge for the West. I represent the State of New Mexico, part of New Mexico, Albuquerque, and I am from New Mexico and many of these things that are available on the East Coast or in America's urban areas through satellite and cable and over the Internet are not realities in rural New Mexico. What is a reality is that you can get PBS because we have 300 translators serving rural New Mexico. For those of you who have never had the privilege of coming to the American West or to New Mexico, you have to understand that 40 percent of Indian country, only 40 percent of Indian country has basic telephone service.

This is a very rural State and when we talk about all of the things that are available on cable and by satellite and all of the emerging technologies, I want to make sure that rural America is not left behind and I think at this point that is one of the things that public broadcasting still offers within the network of translators that are available.

Thank you, Mr. Chairman.

Mr. TAUZIN. I thank the gentlelady. Are there further members who would like to make opening statements.

[Additional statements submitted for the record follow:]

PREPARED STATEMENT OF HON. TOM BLILEY, CHAIRMAN, COMMITTEE ON COMMERCE

Thank you, Mr. Chairman for your hard work on this important issue and for holding this hearing this morning.

Today, the Subcommittee meets once again to discuss the structure and funding of public broadcasting. As the Committee considers legislation to authorize the Corporation for Public Broadcasting, I think it's important to provide a historical backdrop to this dialogue.

Congress established the Corporation in 1967 to answer pleas for better, and more family friendly informative video programming. At that time, the three commercial television networks dominated the airwaves, and the near universal conclusion at that time was that the networks were building "a vast wasteland of bland programming."

Congress stepped in, and created CPB. The idea was that CPB would provide "seed money" to those programmers who had a better vision for American television.

It worked. In fact, it worked *so well* that it spawned a competitive marketplace for similar programming. Hence, the development of "Noggin'"... and "the History Channel"... and "Odyssey"... and countless other networks that are dedicated to the principle that video programming can enrich the lives of American families.

Needless to say, times have certainly changed. Let me say that I remain concerned about the coarseness of programming on broadcast networks. However, I take solace in the fact that consumers *today*—compared to 1967—have a wealth of additional options.

All of this suggests that, compared to 1967, the video programming marketplace today is helping to fulfill the needs of American consumers. The Subcommittee must not lose sight of this critical fact as we move forward. We should be *very frugal* with American taxpayer dollars in light of the fact that the marketplace is helping to serve the needs of American consumers.

This is *not to say* that there is no role for federal funding here. The marketplace still has yet to fill some critical gaps... including those areas where consumers have

no access to cable or satellite. In those homes, public broadcasting is a critical link to valuable information and entertainment. And Congress needs to ensure that it will remain so.

But Congress also needs to be careful as it balances the interests of taxpayers with the needs of unserved markets. Moreover, we should have a plan in place for *reducing over time* the American taxpayers' share of the burden.

Finally, with regard to recent evidence that particular public broadcasters exchanged fund-raising lists with political parties. I have sent letters to the Corporation for Public Broadcasting, the Public Broadcasting Service and the Association of America's Public Television Stations requesting all such records and information relating to these alleged practices. I have asked these organizations to report back to me by July 26 with this material. I look forward to learning more about these practices before this Committee considers the final authorization of additional funds for CPB in the years to come.

I once again thank the Subcommittee Chairman for his hard work in this area, and I look forward to working with him as the process moves forward.

PREPARED STATEMENT OF HON. BOBBY L. RUSH, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF ILLINOIS

Thank you, Mr. Chairman. It is truly an honor to come before you today to stress the importance of Reauthorizing the Corporation for Public Broadcasting (CPB).

CPB provides funding to public broadcasting services that we dear the most such as Public Broadcasting Station (PBS) and the National Public Radio (NPR). PBS and NPR provide Americans with quality programs.

Although, there has been some information regarding some individual public television stations exchanging donor list with political parties, we should not hold reauthorization of CPB hostage to isolated incidents.

It is my understanding that officials from the CPB have condemned this practice. I hope that in today's hearing we can get assurances from Mr. Conrad that this activity of swapping donor list will end and will not occur ever again in the future.

As we approach the new millennium, public television stations are facing the challenge of making the transition to digital broadcasting by the year 2003. This conversion is expected to cost $1.7 billion and creates obstacles for non-profit public television stations who are in dire need of funding.

The Corporation for Public Broadcasting Reauthorization Act of 1999 allocates $15 million for fiscal year 1999 and $100 million for each fiscal year from 2000 until 2003 to aid in the transition. I strongly support this legislation and I believe that any reduction in this allocation will hinder public broadcasting stations from meeting its deadline.

We must ensure that CPB is reauthorized at a level where it can continue to survive in a commercially driven arena. Thank you, Mr. Chairman.

Mr. TAUZIN. The Chair would now recognize our first panel. The first panel consists of Mr. Robert Coonrod, President and CEO of Corporation for Public Broadcasting, CPB; Mr. Ervin Duggan, President and CEO, Public Broadcasting Service, PBS; and Mr. Kevin Klose, President and CEO, National Public Radio, NPR. Your written statements are part of your record. We would ask that you not recite them for us but rather engage us as usual in a conversational way with the main points of your discussion.

We will begin with Mr. Coonrod of the CPB. Mr. Coonrod, as I introduced you, I would hope that you would immediately and quickly address the question raised in the "New York Times" editorial this morning as to when did the Corporation for Public Broadcasting find out about this incident in Boston or, this incident, these incidents across America and why, if you did not take any action, why didn't you.

Mr. Coonrod.

STATEMENTS OF ROBERT T. COONROD, PRESIDENT AND CEO, CORPORATION FOR PUBLIC BROADCASTING; ERVIN S. DUGGAN, PRESIDENT AND CEO, PUBLIC BROADCASTING SERVICE; AND KEVIN KLOSE, PRESIDENT AND CEO, NATIONAL PUBLIC RADIO

Mr. COONROD. Thank you, Mr. Chairman. I will address that momentarily. But first I would like to thank you, Mr. Chairman, for holding this hearing, for giving us an opportunity to address this issue today. This is a difficult issue for all of us and we share the sentiment that we have heard from the committee members about the inappropriateness of some of the activity that has been described here.

Over the decades, my predecessors and I have come here several times to say, please help us in certain ways and we have also had an opportunity from time to time to come back and say thank you for the support that you have lent us. Occasionally we have had to come here and say sorry, we blew it and, well, Mr. Chairman, here is a case where clearly that is what we have to do today. We have to say to you that we blew it.

Now, my colleagues and I, when we learned of this last week, issued a joint statement which I believe you have seen, which said several things. It said that we do not condone this kind of activity, that we will work as appropriate with the Congress to see to it that it doesn't continue.

I would like to do two things this afternoon, Mr. Chairman. I would like to address the point that you raised when you introduced me and then I would like to provide some detail about what we know as of today about the direct mail activities.

The situation that was—that you addressed and was addressed in the "New York Times" this morning has to do with WGBH in Boston. In May, we learned from the "Boston Globe" that WGBH had made its mailing list available to the Democratic National Committee. As we have heard several times during the course of this hearing, making member or donor names available to political parties is manifestly a bad practice. It is something that public television and radio stations should—in which they should not engage, and WGBH immediately recognized that what it had done was wrong. It acknowledged that publicly. It recognized—it stated that it was a violation of established policies of WGBH, policies that had been in place since 1994. It went beyond that. It wrote a letter of apology to its members. It went on the air and said to its viewers and listeners that they had done something that was wrong. They informed the IRS of what they had done and they informed their independent auditors. Those are all of the actions that WGBH took at the time and all of those actions seemed entirely appropriate.

As late as July 13, as late as last week, WGBH reaffirmed that the situation was as it had described it in May. It was only on Thursday morning that we learned that there was more to the situation than what was in the—what had been publicly disclosed at that point. But based on the information that was available and based on the prompt, unequivocal action that WGBH took, it seemed to us clear that they had dealt with the situation appropriately.

That is my statement on that particular situation. I could say in hindsight there are other things we might have looked at but at the time it looked like the prompt, swift action, unequivocal action that was taken was the appropriate action.

I would also like, Mr. Chairman, to talk a little bit about some of the broader practices that we have been learning since we have learned about this last Thursday.

The use of direct mail campaigns to raise money is a common practice throughout the nonprofit world. In fact, Standard Rate and Data Service, one of the country's leading sources of media data, profiles 24,000 not-for-profit organizations that make their lists available for trade or rental. During the past week, CPB conducted phone and e-mail surveys of more than 75 stations. These are public television stations who indicated that they have used direct mail or direct mail brokers to solicit funds. This group represents less than 10 percent of the radio and television stations in public broadcasting. But this does represent the largest stations, the largest public television stations.

To a point you made earlier this morning, Mr. Chairman, the information that I am about to give you is not comprehensive but it is accurate. It will take us some time to develop comprehensive information and our inspector general will be assisting in that process and we will be able to provide a comprehensive report on the practices in the near future. But based on what we know today, approximately 50 public television stations, 50 of the 353 public television stations, that is about 15 percent, exchange lists with other nonprofit organizations. Almost all of them do that by the use of list brokers or intermediaries. Now, 30 stations have rented lists from political organizations. Fewer than 30 also appear to have exchanged member lists with political entities of either or both parties. By exchange we mean they have made their donor names available in return. Of the four major list brokers who do business with public broadcasting stations, three also do business with political organizations, and all three do business with both sides of the aisle. Two of the four have policies which specifically prohibit the transfer, rental, or exchange with political parties or candidates. So while they do business with political parties, they prohibit exchange with individual candidates.

As we have looked at this, Mr. Chairman, fund-raiser effectiveness rather than partisan political purpose appears to have been the primary motivation for stations renting or exchanging lists because in addition to dealings with the Democratic National Committee, which had been mentioned in the past week's media coverage, our preliminary review indicates that a number of Republican organizations, such as the 1996 Dole Campaign, the Conservative Republican Super File, the Country Club Republicans, Golden Age Republicans, Republican Party Builders, and Great American Donors have also exchanged lists with public television stations.

But the bipartisan nature of this transaction begs the larger ethical question that we have been discussing this morning. Should public stations that receive Federal financial support deal in this way with any political entity? And I think the answer to that is unequivocal. I think that is the point that my colleagues and I tried to make last week. We do not condone this activity. We do not con-

done the buying, selling, or trading of lists with partisan political campaigns or committees.

Under the CPB procedures, the inspector general will—has been informed of these reports, reports that we have and we will cooperate fully with whatever factual review the inspector general undertakes and we will cooperate with whatever recommendations he makes.

Also last week, Mr. Chairman, I notified all station licensees that in addition to existing certifications of compliance that they have in order to get CPB funds, they will now be required to certify that they are in compliance with all applicable Federal laws and regulations specifically relating to nonprofit organizations and partisan political activity. So that will be a condition of funding from CPB in the future.

Going forward, Mr. Chairman, we would very much like to work with this committee and with the Congress and as we have identified it from the statements this morning, there seem to be three broad areas where we have sort of common goals and goals—and we would like to work in cooperation with you on that. First is in the implementation of strict privacy guidelines which would prevent unauthorized disclosure of names of members of public radio and television stations. Second is a prohibition on exchange of lists with political committees or parties or institutions. And finally, support for some sort of an independent review so that we can judge the full extent of this and make specific recommendations as to reforms should they be necessary.

Thank you, Mr. Chairman. I would be happy to answer any questions.

[The prepared statement of Robert T. Coonrod follows:]

PREPARED STATEMENT OF ROBERT T. COONROD, PRESIDENT AND CHIEF EXECUTIVE OFFICER, THE CORPORATION FOR PUBLIC BROADCASTING

I welcome this opportunity to appear again before the Subcommittee and to participate in today's discussion. I understand that Members of the Subcommittee are concerned about recent press accounts of the trading or renting of several public broadcasting station membership lists with political organizations. With the Subcommittee's permission, I would like to use my oral statement to address that issue in detail. However, because I know the Subcommittee is asking questions as well about the continuing relevance of public broadcasting in a cable and direct broadcast satellite environment, I would like to use my brief written statement to highlight, in particular, why the services and programs public television provides are more important today than ever. I could just as easily focus these comments on the great strides being made by public radio, but will today address the issue of the relevance of public television in relation to programming being produced for distribution by cable and by commercial television networks.

American public broadcasting is not, and never has been, government broadcasting. It is a quintessential grassroots enterprise, made up of 353 television and 694 radio stations, each of which is governed by its own local board of directors. The federal appropriation accounts for 13.5 percent of public broadcasting's annual revenues. This translates into an annual federal grant to public radio stations, television stations, and a diverse variety of television and radio producers. The federal grant is not only essential for their operations, it is a crucial element of their identity and mission. Public broadcasting is, in fact, one of the most successful public/private partnerships in operation today. Each of our partners is important to the continued health of this system, but the federal government is perhaps the most important. The loss of any one partner jeopardizes the enterprise.

Recognizing your key role in making this enterprise possible, let me address the variety of Americans for whom public broadcasting remains relevant.

Public broadcasting is relevant to minorities. At a time when the NAACP is threatening to sue commercial broadcasters about the lack of African-American

faces on commercial television, public broadcasters are celebrating award winning programming by and about African-Americans. *I Must Keep Fighting: The Art of Paul Robeson;* NPR coverage of Africa; *African's in America: America's Journey Through Slavery,* and *When Good Men Do Nothing* are just a few recent examples. Latinos, Asian Americans, Native Americans and Pacific Islanders are also seeing and hearing their faces and voices on public radio and television.

Public broadcasting is relevant to young people who are increasingly confronted by violent images in a variety of media. Public broadcasting is not only a safe haven from violent programming, it promotes safe havens in a literal sense. On June 5, 1999, over 2,000 communities held "safe night" events. "Safe night" is an ongoing annual national event designed to teach youth ways to avoid violence. Public broadcasters are helping organize and promote the events. PBS aired a live one-hour special, also shown on the Black Entertainment Network (BET), that connected safe night events around the country.

Public broadcasting is relevant to individuals who cannot access the many available cable or satellite channels, either for financial reasons, due to remote location, or because not all channels or services are available to them. More than 30 million homes, or an estimated 90 million people, do not receive cable, either by choice or because they cannot afford it. Essentially all Americans have access to public broadcasting, delivered for free over the air.

Public broadcasting is also relevant to high school dropouts. More than 2 million Americans have earned their high school diplomas through GED programs offered by public television stations.

It is relevant to American teachers. In a survey conducted by Cable in the Classroom last summer, PBS materials topped the field of classroom choices, with 70 percent of teachers reporting they use video materials from PBS in the classroom. The PBS Adult Learning Service delivers distance-learning telecourses by satellite to two-thirds of the nation's college campuses, where 360,000 students are enrolled in these courses for college credit. The Annenberg/CPB Channel provides free, detailed teacher training in math and science to anyone in the country, free of charge. We are expanding this service to include teacher training in English, History and Literature.

Finally, public broadcasting continues to be very relevant to the youngest among us. Most of us already know that from observing the viewing habits of our own children and grandchildren, nieces and nephews, friends and neighbors.

Our programming consistently earns the respect of our professional peers. Our educational contribution to children's viewing has been validated over and over, and public opinion research repeatedly shows that the American people appreciate the service we provide and consider it a good use of taxpayers' money.

As I mentioned to this Subcommittee on June 30, programs airing on PBS and NPR recently received 12 of 33 George Foster Peabody Awards for Broadcast and Cable Excellence, out of nearly 1,300 entries. A few days later, Fred Rogers, *Sesame Street, Bill Nye the Science Guy,* and *Arthur* all won daytime Emmys. Earlier this year, a CPB/National Asian American Telecommunications Association-funded documentary Regret to Inform was nominated for an Oscar.

Our children's programming is consistently singled out for its excellence. Last month, in its *1999 State of Children's Television Report,* the Annenberg Public Policy Center of the University of Pennsylvania noted that the number of programs airing for children has risen (up 12 percent over the previous year), with the largest increase on basic cable venues. Yet the report adds, "Programs with clear and salient lessons tend to appear most frequently on PBS' High-quality programs are still most likely to appear on PBS stations and least likely to air on broadcast weblet and independent stations." This is simply further evidence of why American families regard public broadcasting as a safe haven for children and a wise investment for taxpayers. You will hear from Amy Jordan of the Annenberg Public Policy Center later today about this study.

Taxpayers, too, value our programming and services. In a 1997 poll by Roper Starch Worldwide, Inc., Americans rated public radio and public television as the second and third best values in return for tax dollars spent. Only national defense rated higher.

This outstanding record of programming and service will improve exponentially when digital broadcasting becomes the new standard. By 2003, digital broadcasting will permit us to deliver more content in exciting new ways that expand our educational depth and reach. Digital will provide not only expanded capacity, but also the means to make a television set function more like a computer. As I've said before, we are extremely excited about this because the technology has finally caught up with our mission. Eventually, digital technology and the new media it will spawn

are going to be an important and powerful new tool for learning among all age levels, and at all economic levels.

We know that the American people value this institution. It is the support and participation of the Congress that makes public broadcasting "public," and we look forward to continuing the partnership for many decades to come. We believe public broadcasting is poised to enter an era in which we will offer new services even more effectively to more and more Americans.

I will be pleased to answer your questions.

Mr. TAUZIN. Thank you, Mr. Coonrod. There will be lots of questions, I am sure. Mr. Ervin Duggan, President and CEO of PBS. Mr. Duggan.

STATEMENT OF ERVIN S. DUGGAN

Mr. DUGGAN. Thank you, Mr. Chairman, Mr. Markey, members of the subcommittee. Good afternoon. Nothing is more disheartening, Mr. Chairman, for people who try to be people of integrity, who try to act prudently than to find that we have been involved in something inappropriate, embarrassing, and downright stupid. We at PBS care deeply about maintaining the trust of the American people. Like you, therefore, we are deeply concerned about the events that have given rise to this hearing. We believe emphatically that any conduct having even the appearance of partisan political activity by a public broadcast station or public broadcaster cannot be condoned.

The stations involved have underscored that these list exchanges that took place are standard among nonprofits, that this activity occurred mostly by third party list brokers, that their conduct was focused on fund raising and not on partisan politics. No matter about that. It is inappropriate and wrong for it to happen and so that is why PBS together with CPB, the National Public Radio, and America's public television stations issued a statement last week underscoring our position that such practices simply cannot be condoned.

Many stations do have policies against such practices. Clearly, however, these policies need better auditing. They need strong enforcement, and they need to be universal. We need to have a universal ethic throughout our system. Fortunately, our stations are now acutely aware of this issue and they are taking steps even as we meet to address it quickly and forthrightly.

In light of these recent developments, PBS' development office and our development advisory committee made up of station leaders in the development field are issuing an advisory this week strongly urging our member stations to establish policies strictly prohibiting the exchange or rental of lists to partisan political campaigns, committees, or groups.

I would like to echo what my colleague Bob Coonrod has just said, that we are very much in favor, as members of the committee are in favor, of strict privacy policies that prevent unauthorized use of member or donor names, of an absolute prohibition against the partisan use of lists or names, and I personally am very much attracted to Congressman Stearns' suggestion of a distinguished group who could do a review of current practices and make strong recommendations about what the ethics should be. We of course will be leading an effort of that sort within our enterprise, but I

think it would help restore trust to have the kind of independent review that Congressman Stearns spoke of.

As you know from my hearing in June, Mr. Chairman, we in public broadcasting have many ideas for using the new digital technology for education, for culture, for citizenship, and we believe we can do things that our brothers and sisters in the commercial world simply cannot do because they are necessarily driven by the need to return—to serve advertisers and to give returns to shareholders and that creates certain obligations for them that we are free of and we can innovate and do things for nonprofit educational and cultural purposes that they cannot do.

As the subcommittee moves forward, therefore, we hope that you will find ways to address this unfortunate situation without damaging the constructive contributions to American life that public broadcasting makes. As Mr. Markey pointed out earlier, the forced commercialization of this enterprise would deepen the problems that we are talking about here today. It would not solve them.

Public broadcasting can be seen as a kind of electronic analogue of the public library, and I think most of us would accept it as a terrible suggestion to turn the public libraries of the Nation into book stores and to say people can buy books and so we don't need public libraries. We are the electronic public library of the air. We serve that same educational purpose and I hope we can prove to the American people day in and day out that we deserve their support and that we deserve your support. We welcome the opportunity to work with you and members of the committee in any way to address this latest issue appropriately, effectively, and constructively.

[The prepared statement of Ervin S. Duggan follows:]

PREPARED STATEMENT OF ERVIN S. DUGGAN, PRESIDENT AND CHIEF EXECUTIVE OFFICER, PUBLIC BROADCASTING SERVICE

Good Morning, Mr. Chairman and Members of the Subcommittee. I am Ervin Duggan, President and Chief Executive Officer of Public Broadcasting Service. We appreciate the opportunity to participate in this hearing.

Because PBS cares about maintaining the trust of the American people, we are deeply concerned about the events that occasion this hearing. We believe emphatically that any conduct having even the appearance of partisan political activity by a public broadcaster cannot be condoned.

The stations involved have underscored that list exchanges are standard among nonprofits and that their conduct was focused on fundraising, not politics. Nevertheless, PBS, together with CPB, NPR and American's Public Television Stations, issued a joint statement last week underscoring our position that such practices are not to be condoned.

Many stations do have policies against such practices. Clearly, however, these policies need better auditing and enforcement mechanisms—and they need to be universal. Fortunately, our stations are now acutely aware of this issue and are taking steps to address it quickly and forthrightly.

In light of these recent developments, PBS's development office and our Development Advisory Committee are issuing an advisory this week strongly urging our member stations to establish policies strictly prohibiting the exchange or rental of lists to partisan political campaigns, committees or groups.

As you know from our hearing in June, we have many ideas for using digital technology for education, culture and citizenship. As the subcommittee moves forward, therefore, we hope that you will find ways to address this issue without damaging the essential and constructive contributions that public broadcasting makes to American life. We welcome the opportunity to work with you in any way to address this issue appropriately, effectively and constructively.

Mr. TAUZIN. Thank you, Mr. Duggan. The Chair now recognizes Mr. Kevin Klose, President and CEO of NPR.

STATEMENT OF KEVIN KLOSE

Mr. KLOSE. Mr. Chairman and members of the committee, thank you for giving me the opportunity to address you this afternoon. I have been President of NPR since December 1998 and to echo one of honorable members earlier today, I would also never have guessed that this was going on with regard to what has occurred with the lists.

Distinctly NPR is a coalition of autonomous local stations, each with its own community of listeners. They are licensed to a variety of nonprofit organizations, community foundations, colleges, universities and other community institutions. The majority are licensed to universities. Our board of directors is drawn principally from managers of those stations. Ten of our 17 board members are elected by the membership, which includes almost 300 individual stations. Ten of the board members are station managers. They run for election and the bylaws are subject to the vote of our membership.

With regard to our policy and practice regarding donor lists since 1983, there has been a prohibition at NPR prohibiting NPR from soliciting the public directly. This direct solicitation prerogative is left to member stations.

Over the years NPR has shared names with member stations, chiefly listeners who have requested tapes or transcripts from us from member stations' broadcast areas. Recently we have proposed to member stations that we would provide them names of listeners in their communities who request tapes and transcripts only with prior permission of the listeners. It is our intention to establish very careful guidelines for this service to local stations that would bar the sharing of such information with any partisan organization.

The NPR Board of Directors will meet this week in its previously scheduled July meeting and this issue and related issues obviously will be a topic of discussion and deliberation by the board and we will review the efficacy of our own guidelines and procedures and we hope to be able through that discussion and through working with our member stations to be sure that we are a model for our member stations and for these kinds of issues with regard to both the privacy of our citizens and the privacy of those who make donations and support NPR and our programs.

Further, as you know, I have signed a statement, joined with my colleagues in the national organizations, stating very clearly I do not condone what happened and as the President and CEO of NPR, my management will work as appropriate with the committee and in the membership framework and the framework of our board of directors to achieve both clarity on this issue and assurances in the future that the issues of privacy and of great fire walls that have supported the integrity and credibility of NPR, its member stations and our programming together stays in place and the strength and in the future. Thank you very much, Mr. Chairman.

[The prepared statement of Kevin Klos follows:]

PREPARED STATEMENT OF KEVIN KLOSE, PRESIDENT AND CHIEF EXECUTIVE OFFICER, NATIONAL PUBLIC RADIO

Chairman Tauzin, members of the Subcommittee, thank you for inviting me to speak before you today and providing me with the opportunity to talk about National Public Radio, and its relationship with its member stations as well as the public.

NPR is a private, non-profit company, which serves two primary roles. One, NPR produces and distributes high quality noncommercial, educational, informational and cultural programming to its member stations, who in turn broadcast that programming to listeners in local communities across the country.

Two, NPR is also a membership organization, representing just over 600 noncommercial educational radio stations throughout the United States. In this capacity, we offer member stations such services as legislative and regulatory representation, program promotion and training. NPR is not a radio station nor does it own radio stations.

NPR stations are independent and autonomous, reflective of their local communities. They are licensed to a variety of non-profit organizations, communities, colleges, universities and other institutions. The majority of NPR member stations are licensed to educational institutions.

Member station dues and program purchases account for two thirds of NPR's annual budget ($75 million in FY 1999). On average, NPR receives 2 to 4% of its total budget from federal sources, including competitive grants awarded by the Corporation for Public Broadcasting (CPB), the National Science Foundation, and the National Endowments for the Arts and Humanities.

Let me explain what NPR's policy and practice is regarding donor lists and exchanges. Since 1983 NPR has had a board policy prohibiting NPR from soliciting the public directly—on-air fund-raising, direct mail and telephone solicitations remain an exclusive prerogative of local stations.

Over the years NPR has shared names with member stations—chiefly listeners who have requested tapes or transcripts. Recently NPR informed its member stations only that we would provide them the names of listeners in their communities who request tapes and transcripts. Before the names are provided there will be provisions in place to assure that no such information will be shared with any partisan political campaign or organization.

We are guided in this and other interactions with stations by the knowledge that our NPR stations are rooted in local communities and responsive to the needs of those who live there. The most recent information indicates listener contributions account for 29 percent of public radio stations' revenue, the largest single category of funding. The trust and commitment to our listeners that have developed over the past 25 years are the foundation of this remarkable broadcasting endeavor. Therefore, maintaining that trust is crucial to allowing public radio to continue to provide the programming and services upon which listeners have come to depend. We will continue to work together with our members to ensure that we are worthy of the public's trust.

Public radio is most grateful for your continuing support. I look forward to working with you in the future.

Mr. TAUZIN. The Chair thanks the witnesses and will recognize himself for a round of questions and other members as appropriately.

Mr. Coonrod, when this news broke to this subcommittee, we were in the middle of a discussion, as Mr. Cox pointed out, of privacy on the Internet. And this committee and members of the public who were testifying were decrying those bad players out there who were still sharing private information about citizens to others for commercial purpose or otherwise without their permission. We learned in the middle of that hearing, someone brought us that report from Boston, that one of our public television stations had done the same thing and even worse, had shared that information with one of the national political parties.

The "Washington Post" today tells us that it looks like about three dozen stations may have used these list brokers. You tell us today the number is now 50.

Mr. COONROD. As of last night 53 stations.

Mr. TAUZIN. How many, sir?

Mr. COONROD. 53. We surveyed 75 stations and of those top 75 stations, 53 have used list brokers.

Mr. TAUZIN. When will we have a final report indicating how many total stations have engaged in this practice?

Mr. COONROD. We are working now to come up with a questionnaire that we can in some organized way solicit this information from all the grantees, but it will take a couple of weeks before we can compile all the information to be sure that it is accurate and comprehensive.

Mr. TAUZIN. Is that number likely to grow?

Mr. COONROD. The number is likely to grow, Mr. Chairman, but from what we have determined, only stations of a certain size tend to use list brokers so the smaller stations are unlikely to have been exchanging lists with other organizations.

Mr. TAUZIN. Directly with organizations. Let's talk about that for a second. We know in Boston that a public broadcast station traded names directly with the National Democratic Party. Is that correct?

Mr. COONROD. That is what has been reported——

Mr. TAUZIN. No list brokers. This activity lasted since 1994.

Mr. COONROD. The Boston station, WGBH, asserted that it was done through a list broker.

Mr. TAUZIN. They say it was a list broker as well.

Mr. COONROD. That is what they say. WGBH asserts that it had no direct contact with the Democratic National Committee.

Mr. TAUZIN. We will be happy to learn what is correct because the reports we have is that it was direct contact.

Mr. COONROD. I understand that. I am just being clear, Mr. Chairman.

Mr. TAUZIN. Do we have any other reports of direct contact between any public broadcast radio television station and one of the political parties in this country?

Mr. COONROD. No, sir.

Mr. TAUZIN. As far as you know it was all done through list brokers as of this moment?

Mr. COONROD. As of today.

Mr. TAUZIN. But we don't know. Here is one of the problems I have with your testimony today, Mr. Coonrod. You acknowledge that in May the station issued a public apology after the story came out in which the station said it was just new employees doing this and it was just a single mistake. The station obviously issued a public apology to the citizens in that community which was a lie, which basically said we are sorry for doing one thing when in fact we did something quite different. They engaged in a practice that lasted over a long period of time and apparently with the consent of the management of the station; is that correct?

Mr. COONROD. I can't speak to the consent of the management of the station but apparently it lasted over a long period of time, yes.

Mr. TAUZIN. In any event the Corporation for Public Broadcasting made no inquiries? Did not call the managers in and talk with them? Did not visit the station and find out what was really

going on? Did not ask the hard questions that the newspapers eventually asked that produced the correct answers?

Mr. COONROD. Mr. Chairman, we spoke with the station and both—the rapidness of the response and the definiteness of the response caused us to believe, incorrectly, but caused us to believe that the information that WGBH was providing publicly was in fact the truth.

Mr. TAUZIN. Mr. Coonrod, if you believed it was the truth, did you not feel an obligation to contact every public broadcast station immediately and advise them that you had found out this had happened in Boston and then determine whether or not any such practice was being engaged in anywhere else in America?

Mr. COONROD. Mr. Chairman, exchanging membership lists with political parties is such a manifestly stupid thing to do, it never occurred to me that people would be doing it.

Mr. TAUZIN. But you found out they were in Boston. You saw no need to check whether other public stations were doing it.

Mr. COONROD. We found out, Mr. Chairman, they had done it and as soon as it was made public, they publicly disavowed it. They themselves admitted it was a stupid thing to do. They said it was a violation of their own internal policies. They informed the IRS. In hindsight, I wish we had done something different but at the time, it seemed like they were—they had come entirely clean.

Mr. TAUZIN. My time has expired. I want to lay one thing on you before I pass it on to all of you. If any broadcast station in America has announced publicly to the citizens of this country that our policy is to take your names and the names of your children and your private information and trade it off with other individuals in this country either for profit or for whatever other reason and specifically to trade it off with political parties in this country for their use in soliciting you for money. If any station had announced that that was going to be its policy, do you think for a second there wouldn't have been a public outcry against it? Do you think that station could have done it in the face of public opinion had they announced they were doing it? And do you think for a second that that activity ought ever have to occur in this country with public broadcasting?

Mr. COONROD. It ought not to occur.

Mr. TAUZIN. And finally, do you agree with me because it has occurred and because we don't even know the extent to which it has occurred yet, that the damage done to the integrity of the relationship between the American public and what they came to—come to expect from public broadcasting is severe, it is going to take some real time to heal?

Mr. COONROD. We believe it is severe, Mr. Chairman. Our relationship, our effectiveness is built on the trust that we built up with the American people over the years and events like this erode that trust. That is true and we have to work in every way we can to dig ourselves out of this hole.

Mr. TAUZIN. Mr. Markey.

Mr. MARKEY. Thank you, Mr. Chairman, very much.

Again, I want to begin by restating that 35 percent of the children in the United States live in homes without cable. We are talking about broadcast here. We are talking about free. And that is

why it is so important. We have to remember that this is part of our commitment to universal service of all Americans. People wouldn't have to pay in order to gain access to quality programming.

I agree with what the gentleman from Louisiana was just saying about how offended people justifiably are when they discover that their names, which they felt were going to be kept confidential, are sold for corporate gain, even if it is the Corporation for Public Broadcasting or the public broadcasting stations. But you could substitute banks, HMOs, insurance companies, in terms of how offended every American would be if they found out that their names were being sold as they were conducting business with their local bank, with their local HMO. The exact same reaction.

I only say this because at least at WGBH they had an opt out provision. Of the 200,000 contributors, 40,000 had opted out. Now, I can understand where many others would probably feel there should be an opt in, that you should be—unless they get your explicit permission but generally speaking, this is part of a larger discussion we are starting to have in America this year about privacy in this modern era. And I do believe that every subscriber should be entitled to that ability.

Let me also say that WGBH yesterday sent a letter to the chairman and to the ranking member and all the members of the committee in which it said this in one paragraph in a longer letter. First I want to report to you—this letter comes from Henry Beckton, the President of WGBH—first I want to report to you that the actions taken by WGBH staff were errors in business judgment and not partisan political acts. We are aware of no contact between WGBH and the Democratic National Committee. All of our mailing list activity is handled by commercial list brokers. These are separate companies. We have a policy prohibiting the exchange of WGBH donor lists with political organizations which we put in place in 1994. I officially believe that such activity should not occur and deeply regret that the policy was not adequately enforced by our staff.

So there is no evidence of direct connection, although these list brokers run their own world out there and they try to make money doing it. There wasn't proper supervision. We are going to have to, I think, just prohibit the practice, but I don't think that there is any real indication that the PBS stations were out there trying to engage in direct contact with any partisan organization.

Now, everyone agrees that sharing these lists is inappropriate. The question is where do we go from here? That is, to go further and to punish the system with funding cuts would put pressure on the system to become more commercial in its operation and in its personality. Commercial public broadcasting is an oxymoron, like jumbo shrimp. Carnivorous vegetarian. There is no such thing as commercial public broadcasting. The key here is to ensure that we maintain the integrity, the special identity which the Public Broadcasting System has been able to establish over the last generation.

I think that preserving public TV by enhancing its commercial character is like trying to save a church by renting billboard space on the steeple. You just can't do it and retain that which is essential in terms of its character. So I ask then whether or not at the

end of the day—again I am just going to ask you to restate briefly if you could, Mr. Duggan, the impact that additional pressure on you to go out to find more money from commercial sources would have upon the identity of the Public Broadcasting System.

Mr. TAUZIN. The gentleman's time has expired. The witnesses will be allowed to respond.

Mr. DUGGAN. Thank you, Mr. Markey. I think we need deep understanding of this buzzword "privatization" because it has no other meaning that I can discern except commercialization. The world is filled with commercial channels. They have no mission to schools as we have a special instructional mission to schools. They have no satellite broadcast of distance learning to two-thirds of the campuses in the United States which we do as a nonprofit public service. They have none of these nonprofit cultural obligations as missions that we perform so we could probably succeed as a commercial network. That would be an option that would be open to us. But we would then be making our program choices to serve advertisers and to generate ratings, and the Metropolitan Opera would go. Educational programming for children that is driven by the curriculum by teaching letters and numbers would go out the window, I think, for action adventure, things that would drive ratings up and serve advertisers.

As you say, the entire character, the entire personality, the entire mission would change. We would have to shut down those nonprofitable things like the satellite service, instructional service to schools and universities. It simply wouldn't exist. So the forced commercialization of public television would be like the forced commercialization of the public library, turning it into a bookstore. Yes, people would come and buy books but you wouldn't have the public library anymore. And a 30-year effort to build a noncommercial, nonprofit, culturally oriented public service to the American people would be lost forever.

Mr. MARKEY. Thank you, Mr. Chairman.

Mr. TAUZIN. Mr. Oxley is recognized for 5 minutes.

Mr. OXLEY. Thank you, Mr. Chairman. My friend from Massachusetts indicated apparently there was no evidence of direct connection between the public station in Boston and the Democratic National Committee. Let me quote from a recent article, "There are some people who want to exploit this for their own political agenda. That to me is a scandal, said Alan D. Solomon, a former finance chairman of the Democratic Committee and a board member of WGBH TV." Going on to quote Mr. Solomon, "This is not about politics. This is not about scandal, Solomon said last night. It is about direct mail fund-raising. People in the direct mail business buy and sell lists every day. That is what they do. So they go out and they ask people if they want to contribute. Museums do it, hospitals do it, and public television stations do it. Barbara Boxer does direct mail, too."

That doesn't sound particularly apologetic, given the statements from the witness table. Mr. Coonrod, the CPB is receiving $250 million in appropriations for this fiscal year; is that correct?

Mr. COONROD. That is correct, sir.

Mr. OXLEY. Yet the authorization for fiscal year 2002 for CPB, not including the additional funding for digital conversion, comes

to $475 million under H.R. 2384 which, according to my figures, would represent 190 percent increase; is that correct?

Mr. COONROD. Well, we are comparing appropriation and authorization. The most recent authorization bill which was—which expired in 1996 authorized the Corporation for Public Broadcasting at $460 million, I believe. I am speaking from memory but I think that is the correct number. So what we are talking about in authorization terms is an increase of $15 million over the 1996 authorization level. I am sorry, 425, so we are talking $50 million.

Mr. OXLEY. I am talking authorization. We are after all the authorizing committee. So basically it does represent 190 percent increase in your request. Why did the CPB——

Mr. COONROD. No, excuse me, sir. It—the authorization—the most recent authorization for the Corporation for Public Broadcasting was in 1996. That is when the authorization expired. That authorization was $425 million. So it represents a $50 million increase in authorization over the last—the most recently authorized level, which was in 1996.

Mr. OXLEY. Why was that increase asked for?

Mr. COONROD. The current increase?

Mr. OXLEY. Yes.

Mr. COONROD. The current increase was asked for for several reasons. First of all, we are what you might describe as the trough, the bottom of the trough for funding of public broadcasting. We are $250 million. It was $250 million previously and there had been a decline. We are looking to restore our funding to a level that was consonant to the level of funding for public broadcasting that it enjoyed in the early 1990's and so that is—I could describe to you the elements in the request.

The station operations, there are two parts to that primarily but one is the preparation for the transition to digital, the additional cost the station will have to incur for dual operations. During the transition period, Mr. Oxley, stations will have to maintain both their analog transmitters and their digital transmitters so they will be incurring significant additional costs.

In addition, we are encouraging stations and PBS and others to begin to take advantage of the digital technology and the primary way to take advantage of that digital technology is to produce programs for both the multicast and the enhanced television capabilities that digital allows. At the hearing on June 28, we saw a brilliant demonstration of a Ken Burns documentary and the enhancements that were possible through digital television. So the increased, the increase request was so that we could provide additional programming in addition to the operational funding, so that we could provide additional program funding so programs of that quality could be made available once digital became a reality.

Mr. OXLEY. One final question. The request for $100 million for the transition to digital was five times what the administration requested; is that correct?

Mr. COONROD. I believe that is correct. I believe that is—yes.

Mr. OXLEY. So we are faced with a situation of looking at $100 million authorization for the transition as opposed to $20 million as requested by——

Mr. COONROD. But there is an important distinction between what the administration requested and what was in the authorization bill. What the administration requested was the ability for money sufficient so that a station could pass through a signal that was essentially delivered. In other words, a signal from PBS, what we are trying to achieve here, Mr. Oxley, is the ability of local stations to provide local service in their communities. That requires local stations to have a greater capability than simply the pass-through capability and that additional money was earmarked primarily for that purpose and also for the ability to purchase production equipment as well which was not in the administration's request.

Mr. OXLEY. Yield back.

Mr. TAUZIN. The Chair recognizes the gentlelady from California, Ms. Eshoo, for 5 minutes.

Ms. ESHOO. Thank you, Mr. Chairman. In light of our colleague Mr. Cox's comments on privacy, I would like to ask Mr. Duggan about the privacy policies of the affiliates. What I would like to point out to members is the case of KQED, which is the public station in the Bay Area located in San Francisco, and how they have a policy, because I asked them what their policy was and they sent this. In fact, I may just ask for unanimous consent to place this in the record because it does demonstrate, Mr. Chairman, what goes out to members of KQED and they can check off no exchange, no appeals, no telemarketing. So this is an opting out as it were provision and I think that that might be important for members to know.

Is this national policy for all PBS affiliates and if not, do you think that it should be?

Mr. DUGGAN. Ms. Eshoo, I think it is important for members of the committee and the public to understand the local ownership and control of PBS and its member stations. Other television networks are governed and run from New York and California. They are owned by global conglomerates. That is not the case in public television. Each station is locally owned and governed by a local board. It is a local community institution. They in turn own PBS. We don't even call ourselves a network because we are so radically different. The stations tell me what to do. I don't tell them what to do. They pay my salary. I don't pay their salary.

Ms. ESHOO. At this juncture because of what has happened, I would think you are all in it together.

Mr. DUGGAN. We are and while I am sure that local stations have a widely differing patch work, policies having to do with privacy and with lists, we have, as I said in my opening statement, issued an advisory to our stations today or this week saying that we believe they should institute strong privacy policies and that they should have an absolute prohibition on the partisan use and that we need to explore the standards that we all have in fund-raising. That may have to do with fund-raising programming as well as direct mail practices.

Mr. TAUZIN. Would the gentlelady yield for a moment.

Ms. ESHOO. I wanted to raise the point about our hearing. I would be glad to yield.

Mr. TAUZIN. There is no need. The gentlelady will proceed.

Ms. ESHOO. Were we thinking of the same thing? No? The point that I want to make here is that just a week or 10 days ago this committee had a hearing that the chairman had called on electronic commerce and how consumers, business to consumers and business to business, that is conducted over the net is handled and while the chairman of the FTC and others said that the best policy would be for companies to step forward and adopt a policy that was based on volunteerism, I think in this case that we are beyond the volunteerism.

You described something that is not even—you don't call it a network but they are community boards. They come up with their own decisions. This has now become a national case so I don't think we can afford to have a patchwork quilt of where one community board says one thing and another community board says another. In Federal Government, I think if that were what came out of public broadcasting nationally, the Congress is going to step in and say, no, can't do this anymore.

There are, as my dear friend and colleague seated to my right here, Tom Sawyer, said to me some time ago, and I have quoted him many, many times, that there are few words in our Constitution that has saved more bloodshed in this country and that is the separation of church and state. And I think that we sometimes seem to take that for granted. As my father said to me 1 day, what's wrong with starting the day out with a little our Father and hail Mary. For my dad, that was all right. For the next person, it is not going to be. And I want to draw the parallel to political organizations, politics and nonprofits and public broadcasting. There has to be a very bright line drawn between them. It is not all right. It is not okay. In fact, it blurs the vision and it diminishes the confidence that the American people really should have in the system that is so brilliant otherwise.

So I hope that what I am hearing you say—well, I think the Congress is going to step in. I don't think you are going to have the opportunity to say, well, board by board, community by community because this really flies in the face of what we should be doing. So do any of you have any idea how much money was actually raised by the respective stations, income from the lists?

Mr. TAUZIN. The gentlelady's time has expired. The gentleman will be allowed to respond.

Mr. DUGGAN. Ms. Eshoo, on the first part you suggested, I think you are very likely to see a quickly developed response on the part of all public television stations to deal with this issue and that a national response will be forthcoming. I think this issue has galvanized our system. I think the embarrassment of the behavior that has come to light of a few stations has been embarrassing to the entire system and I think you will see the response that you call for. With respect to the amount of money raised in this list sharing, I don't know that any estimate has been made or whether anyone has an answer. I do not.

Mr. COONROD. We have not been able at this point to come up with a reliable estimate. We know the number is not large. I wouldn't want to speculate at this point.

Ms. ESHOO. Thank you. Can we ask that that be made available to the committee when you have it.

Mr. COONROD. Yes, ma'am.

Ms. ESHOO. Thank you, Mr. Chairman.

Mr. TAUZIN. Without objection. The Chair will recognize one more of our members for a round of questions. Then we will have a recess for this 15-minute vote I think and come back right after the vote. Before I do, for the record the Chair wants to acknowledge that the authorization bill that was considered and would be considered in this committee started with a 12 percent increase in the level of authorization over the 1996 level, not 190 percent as someone had said.

The Chair now recognizes Mr. Stearns for his 5 minutes.

Mr. STEARNS. Thank you, Mr. Chairman. Mr. Duggan, my questions are pretty much directed to you. In your opening statement which we heard, I think the staff and members are trying to understand that you have issued letters but are you going to perform a conductive, retroactive search so to speak to uncover all paths, lists, exchanges by stations with partisan groups? More specifically, do you plan to discover all past incidents of list swapping?

Mr. DUGGAN. Mr. Stearns, I believe that the Corporation for Public Broadcasting, which has public interest oversight through its inspector general, is engaging in a search of that sort and we are cooperating fully in providing information to CPB, but if the purpose is to do that kind of inventory and for you to hear me express my support for such a search, yes, indeed, we want to do everything possible to uncover all activity of this sort.

Mr. STEARNS. When do you think that information would be completed? Is this a question for Mr. Coonrod or yourself? It seems like since you are, so to speak, at the top here, shouldn't you be the pile driver here?

Mr. DUGGAN. Well, I am more of a pile driven by my member stations, Congressman. I am the employee of the member stations and I do not generally crack the whip as a network president would do. We are a membership association. But I believe that the result you seek is going to be forthcoming and I do want to invite Mr. Coonrod to speak on this because we are working together to get that information.

Mr. COONROD. Mr. Stearns, we are working to get that information. Our inspector general, the CPB inspector general, is conducting an independent survey. He will survey all of the stations and will attempt to assert some basic information so we can have a kind of data base of practices at all stations, all 700 or so licensees that receive CPB grants. But as we have learned, given the nature of list swapping through—or list exchanges through list brokers, it may be very difficult to track down all of the transactions that took place in the past. Certainly going forward we can guarantee that we could be—make available reports that indicate all of the transactions that take place going forward, all of the trades or rentals that take place but I cannot give you absolute assurance that we can reconstruct——

Mr. STEARNS. So you don't keep track of the list swapping in the past?

Mr. COONROD. Individual stations have kept track of that. Station records may not be complete. Now, if they are complete, then we can provide that information. If they are not——

Mr. STEARNS. When these lists were swapped, did you receive payment for this and what did you receive in return?

Mr. COONROD. I guess—let me take a step back. We—the Corporation for Public Broadcasting has not itself engaged in any of these activities.

Mr. STEARNS. I know. But each station, when each station did it, did they get money or what did they get in return?

Mr. COONROD. When a station rents a list, it gets money.

Mr. STEARNS. Cash? Does it get actually cash that you deposit in your station's account? That is the question.

Mr. COONROD. When it rents a list, it pays money, but when it receives—when it makes its list available, it gets cash.

Mr. STEARNS. When it gives the list from the station to the political party to Handgun Controls, Zero Population, or Planned Parenthood, does Planned Parenthood give you money and you deposit it in the station's account?

Mr. COONROD. Yes. If what happens is the list is—the names of the station donors, the station members are provided to the other organization, then it can either be cash or it can be an in kind. Often, almost always it is an in kind.

Mr. STEARNS. Wouldn't you keep track of all that? For example, with WGBH, there was a refinancial payment. I am just saying when you say you can't go back it seems to me you can because there has got to be some written, at least some annotation that you got something for something, particularly if it is money, it is a deposit, and isn't this reportable?

Mr. COONROD. To be clear we can go back. What I am saying to you, given the fact that there are over 700 licensees who are involved here, I cannot guarantee at this point that each of them has records that are complete and verifiable. That is—those that have engaged in—used the benefits, the services of a list broker, the brokers keep a record of this and that is——

Mr. STEARNS. Mr. Chairman, I would urge the committee to have an outside source look at this because I think in all deference to the organization, if they look at it, you know how these things go. So I think we need somebody outside because once this quid pro quo is made, it is reportable if it is cash, even in kind.

So, I mean, for them to say that they can't go back, it is difficult and I think begs the question and I urge the committee to try and find some way to get an outside source to do this.

Mr. TAUZIN. The gentleman's time has expired. The gentleman can respond.

Mr. DUGGAN. Mr. Stearns, I believe you were out of the room when I spoke earlier, but I said we are very much attracted to the idea that you expressed for an independent review. We are going to do everything we can internally to get to the bottom of this and to effect the kind of change that needs to be effected. But we care so much about the trust of the American people that we also think an independent review perhaps by a distinguished citizen or citizens who could look into this and advise what went on and make recommendations would add to the credibility of our efforts and so we would invite a process where we could explore that with you.

Mr. TAUZIN. I thank the gentleman.

I would point out in the Boston situation, Boston's information was corrected only because the National Democratic Party issued information indicating that they had engaged in using these names at an earlier date. Absent that, perhaps no one would have known. An independent review may well be called for.

The Chair would declare a recess until after this vote.

[Brief recess.]

Mr. TAUZIN. How does that translate to your statement? In other words, the statement that you have made is that that is a practice which we do not condone.

Mr. COONROD. That was Mr. Duggan's statement.

Mr. DUGGAN. I would be happy to answer. And I do not imply that we are powerless here, because I see my role as a leader of the system. Even though I am an employee of the stations, I am quite candid with them about what I believe to be right and wrong.

I simply wanted to explain to Mrs. Eshoo that we did not work like other networks. We are not powerless to market. We have already said in no uncertain terms that we thought this was a terrible practice.

Mrs. CUBIN. And if you do it?

Mr. DUGGAN. I think we should use the sunlight of scrutiny and the power of our leadership to convince this system that a reform is necessary in these practices, where it exists. And I believe that sunlight of scrutiny has already been effective.

Congressman Cox asked a minute ago about the sanctions that could be put in place. I don't think there are any sanctions that could be more serious than the scrutiny and embarrassment that has already occurred from these behaviors. And I will do anything in my power to ensure that these practices end and that we restore the trust of the American people.

Mrs. CUBIN. There is a law that does apply, law and rules and reg that does apply to all of the stations, and that is the Internal Revenue Service Code and their status as a tax-exempt organization. And according to the Democrat National Committee counsel, Joe Sandler, this is a quote: The IRS rules are clear that a nonprofit organization can rent or exchange its list with a political organization as long as it treats all political organizations equally.

Now, I wonder, this is about WETA here in Washington, that they have traded names with the DNC, and the Patriotic Veterans, and the Great American Republicans. Now, I have been a Republican all my life. I have been involved in political activities all my life. I have never heard of the Patriotic Americans and the Great American Republicans, and I have no idea if they are Republicans, conservative, libertarians, Democrats. I have no idea what they are. I wonder if the station knows what they are, and if there shouldn't be some requirement that they found out. And, of course, this is in the purview of the Internal Revenue Service. But would you think exchanging the list with the Democrat National Committee and the Patriotic Veterans and the Great American Republicans would be treating all political organizations equally?

Mr. DUGGAN. Ms. Cubin, even if exchanging that list is legal, it is stupid. It is imprudent. It is wrong.

Mrs. CUBIN. I agree.

Mr. DUGGAN. We are different from other nonprofit organizations. And I emphatically disagree with that spokesman from the Democratic Committee who would imply that just because it is legal for nonprofits to do this, it was all right for a public television station to do it. We have a special relationship that is based on trust and credibility. And just doing what is legal—I wouldn't want my children to do everything they were legally permitted to do.

Mrs. CUBIN. Then would you think it was appropriate for the Internal Revenue Service to look further into whether or not violations based on the impartiality of the treatment of political organizations comes to play?

Mr. DUGGAN. Well, I don't give advice to the Internal Revenue Service. I think if the Internal Revenue Service has a serious issue and feels that the law may have been broken, then if they feel an obligation to look into it, they would. But I don't want to be in a position of commenting on that because I don't know the law. I am not a lawyer.

My concern is that no station should do something, just as no individual should do something, just because they have a right to do it. There are all sorts of things that we as Americans have rights to do that are not right to do. I would rather have my children pledge allegiance to the flag in school than burn the flag in school, though they may have a right to do it. And I think falling back on what is legal and what we have some sort of legal right to do misses the whole point of restoring trust and maintaining trust and deserving trust with the American people. And that means being prudent and showing good judgment and staying within the ambit of what is legal.

Mr. TAUZIN. The gentlewoman's time has expired.

Mrs. CUBIN. Just one quick question, yes or no?

Mr. TAUZIN. Without objection.

Mrs. CUBIN. The CPB is certainly exempt from the Freedom of Information Act. Would any of you oppose an amendment being added to the authorization bill that would subject CPB to the Freedom of Information Act?

Mr. COONROD. Currently, we use policies that are consistent with the Freedom of Information Act, so if we were required to do that, we wouldn't change our policies in any way.

Mr. TAUZIN. The gentleman from New York.

Mr. FOSSELLA. I apologize if the question has been asked and answered already, but we sort of run all over the place around here. But it was raised earlier regarding the policies, the auditing, I think Mr. Duggan focused on this, the auditing and the enforcement and the universality of the policies. But I don't know if I have heard what that specific policy is and what the consequences of violating that policy is. I have heard you are going to look at it. I don't question the faith in which you make that statement. And I am just curious as to if you decide today that someone or some group of people have violated a policy established in one of the affiliates, what is the consequence?

Mr. COONROD. Let me try that. Stations have a grant relationship with the Corporation for Public Broadcasting. In order to qualify for a grant, they must certify that they are doing certain things. Up until Thursday there was no requirement, we had no require-

ment that involved fund-raising and the brokering of lists and that sort of thing. On Thursday we put in a requirement that they must certify that they are operating in full accordance with applicable IRS regulations. That means, going forward, should they certify that they are and then they aren't, they would lose—not risk losing, they would lose funding from the Corporation for Public Broadcasting.

However, that does not—we have not found a way to apply such regulations retrospectively.

Mr. FOSSELLA. So if I may, what I hear you saying is that even if you find out that a number of affiliates have violated what you say is a new policy, there is nothing you can do about it?

Mr. COONROD. Because it is a new policy.

Mr. FOSSELLA. There was no such policy up until Thursday?

Mr. COONROD. Right.

Mr. FOSSELLA. In terms of the funding level, I think Congressman Oxley focused on this earlier, do you think that the funding request made by the administration is adequate?

Mr. COONROD. I think—let me answer that in two parts, the request for the operations of the Corporation for Public Broadcasting and then the piece for digital. Taking the second one first, the administration's request does not take into account a very important part of something that we consider quite important; that is, the ability of local stations to take full advantage of the digital technology. The administration's request would be sufficient if we were just to have stations pass through a signal. By that I mean they would have to take a signal from PBS and simply pass it through to viewers. They would not be able to provide any kind of local educational services that are an important part of what we do. And on the digital front that is a big difference between what the administration has suggested and what we are suggesting.

In terms of the operational funding where we think a larger number is called for, there are really two parts to that as well. We are moving into the digital era, and stations for the foreseeable future will have to be doing both analog and digital broadcasts because that is what the law will require; until 85 percent of the population has a digital set, we will also have to continue broadcasting in analog. So that is an additional operating expense.

In addition, we are appropriating that we will be able to multicast and that we will be able to produce programs—enhanced television programs. Those would be additional program expenses.

So the increase in funding would not go—the increase in funding that we are looking for would not go to—would go for new activities is the way I would describe it. It wouldn't go for simply sustaining ongoing operations.

Mr. FOSSELLA. Let me make one observation and particularly to Mr. Duggan. You know in terms of accountability, and it appears that you want to accept the accountability and responsibility for making the best out of this bad situation, but listening, I don't know to what extent you actually can enforce any of these things, given the almost cooperative nature of the way you are affiliated with the local stations around the country. So I guess this is for another day and another time. But clearly it goes to the heart of

the matter if once you establish this policy, how do you as president intent to follow through?

So I will yield back. I see my time has expired. Take it up another day.

Mr. TAUZIN. The gentleman will be allowed to respond.

Mr. DUGGAN. We have not been in the business at PBS of sanctioning or punishing our member stations in the past, and we generally find the level of integrity and conduct among our member stations to be very high. We do have a membership relationship with our member stations, and they make certain certifications every year, one of which is that they are, in fact, noncommercial and nonprofit.

And I can envision the PBS board perhaps—and here I am speculating, because I don't know of any plan to do this, but I can envision a reporting requirement that would be a part of the certification for membership that would ask member stations to certify that they engage in no partisan political activity, they do not do any of these questionable things. So there are available within the membership relationship being able to deliver the national programming from Sesame Street to the news hours to Ken Burns' great documentaries is a very important thing for our stations, and that comes along with their membership. So there are certainly mechanisms if the board of directors of this nonprofit corporation decides to use those mechanisms that can be put in place.

Mr. TAUZIN. The Chair thanks the gentleman.

The Chair yields to the gentleman from Michigan Mr. Dingell.

Mr. DINGELL. Thank you, Mr. Chairman.

Gentlemen, welcome. I want to test now whether this absolutely magnificent display of outrage on the part of my colleagues is directed at public broadcasting exchanging lists, or exchanging lists with Democrats.

So we will begin by asking this question: You noted that there have been exchanges of lists with at least seven entities involved with the Republican Party, including the 1996 Dole Victory fundraising superfile, Conservative Republican superfile, Country Club Republicans, Golden Age Republicans, Republican Party Builders, and Great American Donors.

Have you exchanged lists also or have public broadcasters either at the stations or CPB level or any other level exchanged lists with the Republican National Congressional Campaign Committee?

Mr. COONROD. As far as we can determine, no.

Mr. DINGELL. No. Have you done it with the Republican Senatorial Campaign Committee?

Mr. COONROD. As far as we can determine, no.

Mr. DINGELL. Do the other two gentlemen at the table so indicate also?

Mr. DUGGAN. I have no knowledge of any such exchanges, Mr. Dingell.

Mr. DINGELL. Has CPB ever exchanged lists with candidates for public office other than the Dole campaign?

Mr. COONROD. There is one instance that we are familiar with in San Francisco.

Mr. DINGELL. What is that?

Mr. COONROD. KQED bartered a list with the Barbara Boxer campaign.

Mr. DINGELL. Okay. Now, tell me this, these lists are turned over by the local stations, I gather, to brokers?

Mr. COONROD. All of the activity that we have identified is through a broker. That is right.

Mr. DINGELL. Through a broker, not at station level?

Mr. COONROD. We have not found—we have not interviewed a station that engaged in direct list exchange. It was all through a broker.

Mr. DINGELL. Now, what does a broker do when he gets a list? The broker has got a list, what does he do with this list?

Mr. COONROD. I mean, I am not a broker, but brokers broker lists.

Mr. DINGELL. Let's reason together. The broker gets a list. He has got to do something with it. Obviously he then contacts somebody else who then wants the list; is that right? Or somebody else has already contacted him who wants the list; is that right?

Mr. COONROD. That is logical, Congressman, but my sense of how it works is that they maintain lists, they actually have lists, and it is a more fluid situation. That is my sense of it.

Mr. DINGELL. Was any taxpayers' money involved in the purchasing of lists?

Mr. COONROD. There was no—as far as we can tell, there was no direct taxpayer money. In other words, there was no money that went from—well, certainly I can say that no direct CPB dollars were used.

Mr. DINGELL. Were any indirect CPB dollars—or was there any indirect applications of public moneys?

Mr. COONROD. Possibly. Because the funds are fungible at the station level, you could—you could speculate that it is entirely possible that they were used in some way.

Mr. DINGELL. Now, what costs are involved in this? Let's take a unit of 10,000 names, just for the purposes, how much would be involved? About $900, I understand; is that right?

Mr. COONROD. It is in that neighborhood. Different lists have different prices, but it is about a dime a name or something like that.

Mr. DINGELL. About what? A dime a name?

Mr. COONROD. Or maybe less in some cases.

Mr. DINGELL. Who pays the money, and who gets the money?

Mr. COONROD. There are various ways that this happens. A common practice is to exchange names where there is no exchange of money. There is an exchange of information.

Mr. DINGELL. That is one example where you just trade names.

Mr. COONROD. Then there is the renting of a list where someone will, on a one-time basis, for a fee, for some small amount of money per name, rent a list from a list broker or through a list broker. Public television stations engage in that practice with some frequency as far as we can determine.

Mr. DINGELL. They do this as a regular business practice, or do these brokers subsist entirely upon the revenue that they derive from public broadcasting?

Mr. COONROD. As far as we can determine, there are about 24,000 not-for-profit organizations that engage in some sort of list sharing.

Mr. DINGELL. 24,000?

Mr. COONROD. That is on a data base that we were able to search.

Mr. DINGELL. Would that include church groups?

Mr. COONROD. Yes, it would include not-for-profit organizations.

Mr. DINGELL. You don't mean to say that a church group would exchange names with the Democratic Party, do you?

Mr. COONROD. I am not an expert.

Mr. DINGELL. How about hospitals?

Mr. COONROD. Hospitals would be on the list, not-for-profit hospitals.

Mr. DINGELL. Religious orders?

Mr. COONROD. I don't know about religious orders.

Mr. DINGELL. I find this a fascinating subject. Obviously if we have a corrupt practice here, it must be engaged in by churchmen, too, and women.

Mr. TAUZIN. The gentleman's time has expired. The gentleman will be allowed to respond.

Mr. DINGELL. I was just getting down to a very fascinating subject here.

Mr. TAUZIN. I realize that, sir, but the gentleman's time has expired.

Mr. COONROD. I can't speculate on what others do, but I think the point that we come back to is that public broadcasters ought to refrain from practices that have the appearance of partisanship.

Mr. TAUZIN. The Chair will now recognize the gentleman from Illinois Mr. Rush for a round of questions.

Mr. RUSH. Thank you very much, Mr. Chairman. My first question before—first question I have is we have a public broadcasting channel or station in Chicago, WTTW. Are they a part of the infamous 53?

Mr. COONROD. I believe we contacted WTTW, and I believe that they have engaged the service of a list broker. So I am not exactly sure how you phrased your question, but they are one of the 53 we have identified. We can be more specific when we check the data by station.

Mr. RUSH. All right. How long has the sharing either, by selling or otherwise, of donor lists by your affiliates been going on?

Mr. COONROD. I can't answer that with any precision, but we have identified practices dating back to 1981. But I don't know how long——

Mr. RUSH. Does sharing always involve brokers?

Mr. COONROD. It doesn't always involve brokers, but in the stations that we have surveyed, and we have started from the top, those most likely to engage in the exchange of lists, the activity almost exclusively involves brokers among the stations that we have surveyed.

Mr. RUSH. Okay. In response to a question Mr. Dingell had earlier, you mentioned bartering. What is the characteristics of a bartering of lists, what is that? Money is not involved in that?

Mr. COONROD. One of the practices is that lists are traded. So you—you in effect barter a certain number of names for a certain number of names in return.

Mr. RUSH. And brokers are not involved in that at all?

Mr. COONROD. No brokers are involved in that. I don't know the exact mechanism, but there is a brokerage fee, I would assume, because of the way they manage the lists. And these are all computerized, so somebody has to manage the computer program and that sort of thing.

Mr. RUSH. If I can recall from previous testimony, you indicated that 85 percent of your revenues for your affiliate stations come through individual fund-raising efforts; is that right?

Mr. COONROD. No, sir, I think what you are referring to is roughly 15 percent comes from the Federal Government or through the CPB, and there are other sources. Subscribers, and the fund-raising. Subscribers account for about 23 percent of the total revenue for public broadcasters. The most current year that we have complete data available was 1997, and it was $472 million from all membership sources, not just through the list, but on-air pledges and everything else.

Mr. RUSH. Public dollars account for approximately 15 percent?

Mr. COONROD. That is right.

Mr. RUSH. Fund-raisers or affiliate stations have to engage in pretty aggressive fund-raising; is that right?

Mr. COONROD. Indeed.

Mr. RUSH. Was there ever a time when the exchanging or sharing of lists, exclusively a function of not-for-profit organizations sharing lists with each other for fund-raising, that did not involve political parties?

Mr. COONROD. I am not sure I——

Mr. RUSH. Was there ever a time that you know of where political parties were not engaged with your affiliate stations in terms of sharing of lists?

Mr. COONROD. I don't know the answer to that. We don't have the information.

Mr. RUSH. Okay. Did either Republican Party candidates or office holders of the Republican Party or the Democratic Party share lists with your member stations any of your member stations?

Mr. COONROD. Yes, well, let's be clear. They have gone through brokers, and those brokers have had lists available. So the way it has been described to us is that it is probable that names from the candidates' list were provided to the public television station. It would take some work to fully go back and track the specific name.

Mr. RUSH. So you are saying——

Mr. TAUZIN. The gentleman may proceed for 1 minute without objection.

Mr. RUSH. So you are saying that it is not unheard of that political parties would share their donor lists with your affiliate networks; is that right?

Mr. COONROD. I have become an instant expert in this subject, and I don't know what the practices of political parties are. But I do know from looking at it from the public broadcasting point of view, that the same brokers who broker lists for public broadcasting stations also broker lists for political parties.

Mr. RUSH. Thank you.

Mr. TAUZIN. I thank the gentleman.

The Chair would, before dismissing this panel, would like to give you, Mr. Coonrod, a chance to correct or perhaps elaborate on the testimony that you gave in writing as opposed to the testimony you have given orally today.

In your written testimony on page 5, I quote, based on what we know today, approximately 50 of the public television's 353 stations, or about 15 percent, exchange lists with other nonprofit organizations, almost all using list brokers as intermediaries. It is unclear from your oral testimony as to whether or not there were, in fact, some of the stations who provided or exchanged lists with other nonprofit organizations without going through a broker or an intermediary. At one point you said no. You answered my question there were none. Your testimony implies there were some. In your testimony with Mr. Rush, you again implied that there may have been some. What is the correct answer?

Mr. COONROD. Based on what I know right now, I guess that is the way I would have to put it, we have not found any station that has exchanged a mailing list with a political party directly. That is all—any time that has happened, it has been through a broker. But given the way the facts change from time to time, it is possible that there is information out there that we haven't collected.

Mr. TAUZIN. Well, you understand why, when you give us a written statement that says almost all use brokers, it leaves the impression that you did have knowledge that someone did not. You are telling us you do not have knowledge?

Mr. COONROD. I do not have knowledge—let me be clear. What we have tried to do, Congressman, is corroborate whatever information that we have so that we could be sure that the information we were providing was accurate. And so we tried to get at least, if I may use that, two sources. And when there was conflicting information, we would go down to a deeper level. And so I wanted to make sure that we were not providing information that in any way could be incorrect.

Mr. TAUZIN. Now, again, before we dismiss you, you indicate that you have surveyed a group that represents less than 10 percent of the radio and television stations in public broadcasting.

Mr. COONROD. That is right.

Mr. TAUZIN. So we have information coming from only a 10 percent sample.

Mr. COONROD. That is right.

Mr. TAUZIN. You also indicate that the CPB's inspector general is conducting an independent review, and he would make it available to us as soon as it is completed. Can you tell us when that would be?

Mr. COONROD. I can tell you what I believe his schedule is, and that he would have it done within 30 days, but I can confirm that for you to be sure.

Mr. TAUZIN. Does the CPB inspector general have sufficient staff to do this in an appropriate amount of time for this committee to be satisfied with the results?

Mr. COONROD. Well, once again, he could answer that better, but if he needs additional staff, I would certainly do everything I can to make sure it was available to him.

Mr. TAUZIN. It would be extremely helpful, and the chairman would so request of you, Mr. Coonrod, that perhaps periodic reports be made to this committee, perhaps on a weekly basis, as information is discovered that we can track this survey and identify whether or not progress is being made in conducting an inquiry as to the other 90 percent of the stations that have not yet, apparently, been investigated.

Mr. COONROD. We could report to the committee weekly.

Mr. TAUZIN. The committee will so request that we get a weekly report, and the committee would like to realize we cannot set a deadline for your inspector general, but we would like if at all possible to have that final report within those 30 days that we might be able to act accordingly.

Mr. COONROD. I will work with the inspector general to make sure that he has sufficient resources to do it as quickly as is possible.

Mr. TAUZIN. Are there any questions by any of the other members?

Gentlemen, you have my thanks for your participation today, and we will now call the second panel forward.

The second panel will consist of Mr. Ken Burns, president, Florentine Films, Maple Grove Road, of Walpole, New Hampshire; and Mr. Kent Lassman, deputy director of technology and communications for Citizen for a Sound Economy Foundation in DC; Dr. Amy Jordan, senior research investigator of the Annenberg Public Policy Center in Philadelphia; and Mr. Timothy Graham, director of media analysis, Media Research Center, in Alexandria, Virginia.

Mr. TAUZIN. Ladies and gentlemen, thank you for being here. We will begin with someone I know everyone recognizes, Mr. Ken Burns.

Mr. Burns.

STATEMENTS OF KEN BURNS, PRESIDENT, FLORENTINE FILMS; KENT LASSMAN, DEPUTY DIRECTOR, TECHNOLOGY AND COMMUNICATIONS, CITIZENS FOR A SOUND ECONOMY FOUNDATION; AMY B. JORDAN, SENIOR RESEARCH INVESTIGATOR, ANNENBERG PUBLIC POLICY CENTER, UNIVERSITY OF PENNSYLVANIA; AND TIMOTHY GRAHAM, DIRECTOR OF MEDIA ANALYSIS, MEDIA RESEARCH CENTER

Mr. BURNS. Thank you, Mr. Chairman. It is an honor for me to appear today, and I am grateful you have given me this opportunity to express my thoughts. Let me say at the outset as the father of two daughters and a film producer increasingly concerned with violence on television that I am a passionate, lifelong supporter of public television as well as someone engaged in it. Few institutions provide such a direct grass-roots way for our citizens to participate in the shared glories of their common past, in the power of the priceless ideals that have animated our remarkable Republic for the last 200 years, and in the inspirational life of the mind and the heart that an engagement with the arts always pro-

vides. It is my wholehearted belief that anything that threatens this institution weakens this country.

I have been producing documentary films for almost 25 years, celebrating the special messages the American past continually directs our way. And these include films on the Brooklyn Bridge and the Statue of Liberty, the turbulent Louisiana politician Huey Long, and on the—I think—the sublime pleasures and unexpected lessons of our national pastime, and, of course, the searing transcendent experience of our Civil War. I even made a film on the history of this magnificent Capitol Building and the much maligned institution that is charged with conducting the people's business. But in every instance, Mr. Chairman, I have consciously produced these films for national public television broadcast, not the lucrative commercial networks or cable.

As an educational filmmaker I am grateful to play even a small part in an underfunded broadcasting entity which, among dozens of fabulously wealthy networks, just happens to produce on shoestring budgets the best news and public affairs programming on television, the best science on television, the best arts on television, the best children's shows on television, and some say the best history on television.

With Congress' great insight, public television was born and grew to its startlingly effective maturity echoing the same time-honored sense that our government has an interest in helping to sponsor communication, art and education just as it sponsors commerce. We are not talking about a 100 percent sponsorship, a free ride, but a priming of the pump, a way to get the juices flowing in the spirit of President Reagan's notion of a partnership between the government and the private sector.

The CPB grant I got for my Civil War series attracted even more funds from General Motors and several private foundations, money that would not have been there had not the Corporation for public broadcasting blessed the project with its rigorously earned imprimatur. But there are those who are sure that without public television, the so-called marketplace would take care of everything, that what will not survive in the marketplace does not deserve to survive, and nothing could be further from the truth, because we are not just talking about the commerce of a Nation. We are not just economic beings, but spiritual and intellectual beings as well. And so we are talking about the creativity of a Nation.

Some forms of creativity thrive in the marketplace, and that is a wonderful thing reflected in our Hollywood movies and our globally popular music. But let me say the marketplace could not make, and to this day could not have made, the Civil War series or any of the films I have been working on. The marketplace will not, indeed cannot, produce the good works of PBS, just as the marketplace does not and will not pay for our fire department or our Defense Department, things essential to the safety, the defense, and well-being of our country. It takes government involvement, eleemosynary institutions, individual altruism, extramarketplace effort to get these things made and done. I also know, Mr. Chairman, that PBS has nothing to do with the actual defense of our country. I know that. PBS just makes our country worth defending.

The former Speaker of the House of Representatives, Newt Gingrich, spoke eloquently and often of an American people poised for the 21st century, endowed with a shared heritage of sacrifice and honor, the highest ideals mankind has yet advanced, but also armed with new technologies that would enable us to go forward as one people. I say to all of those who would listen that we have in public television exactly what he had envisioned.

Many have recently criticized public television for certain controversial actions and projects with possibly too political a bent. I share the outrage of those who have condemned these lapses, but that is all they are. Let us not be so foolish, as Congressman Wynn suggested, to throw the baby out with the bath water. To paraphrase the historian David McCullough, to diminish the effectiveness of this institution for these transgressions would be like getting rid of the Navy for the Tailhook scandal. Let us respond reasonably.

The historian Arthur Schlesinger, Jr., has said that we suffer from too much "pluribus" and not enough "unum." few things survive in these cynical days to remind us of the Union from which so many of our collective and personal blessings flow, and it is hard to wonder in an age when the present moment overshadows all else what finally does endure, what encodes and stores the genetic material, the DNA of our civilization passing down to the next generation the best of us, what we hope at least will mutate into betterness for our children and for our posterity.

Mr. Chairman, I think PBS offers one clear answer. It is the best thing that we have in our television environment that reminds us why we agreed to cohere as a people, and that is a very good thing. Thank you, Mr. Chairman.

[The prepared statement of Ken Burns follows:]

PREPARED STATEMENT OF KEN BURNS, PRESIDENT, FLORENTINE FILMS

Mr. Chairman and Members of the Committee: It is an honor for me to appear before you today and I am grateful that you have given me this opportunity to express my thoughts. Let me say from the outset—as a father of two daughters and a film producer, increasingly concerned about violence on television—that I am a passionate life-long supporter of public television and its unique role in helping to stitch our exquisite, diverse, and often fragile culture together.

Few institutions provide such a direct, grassroots way for our citizens to participate in the shared glories of their common past, in the power of the priceless ideals that have animated our remarkable republic and our national life for more than two hundred years, and in the inspirational life of the mind and the heart that an engagement with the arts always provides. It is my wholehearted belief that anything which threatens this institution weakens our country. It is as simple as that.

For almost 25 years I have been producing historical documentary films, celebrating the special messages American history continually directs our way. The subjects of these films range from the construction of the Brooklyn Bridge and the Statue of Liberty to the life of the turbulent demagogue Huey Long; from the graceful architecture of the Shakers to the early founders of radio; from the sublime pleasures and unexpected lessons of our national pastime to the searing transcendent experience of our Civil War; from Thomas Jefferson and Lewis and Clark to Frank Lloyd Wright, Elizabeth Cady Stanton and Mark Twain. I even made a film on the history of this magnificent Capitol building and the much maligned institution that is charged with conducting the people's business.

In *every* instance, I consciously produced these films for national public television broadcast, not the lucrative commercial networks or cable.

As an educational filmmaker I am grateful to play even a small part in an underfunded, broadcasting entity, with one foot tenuously *in* the marketplace and the other decidedly and proudly *out*, which, among dozens of fabulously wealthy networks, just happens to produce—on shoestring budgets—the best news and public

affairs programming on television, the best science on television, the best arts on television, the best children's shows on television, and some say the best history on television.

When I was working more than 15 years ago on my film about the Statue of Liberty, its history and powerful symbolism, I had the great good fortune to meet and interview Vartan Gregorian, who was then the president of the New York Public Library. After an extremely interesting and passionate interview on the meaning behind the statue for an immigrant like him—from Tabriz, Iran—Vartan took me on a long and fascinating tour of the miles of stacks of the Library. Finally, after galloping down one claustrophobic corridor after another, he stopped and gestured expansively. "This," he said, surveying his library from its guts, "this is the DNA of our civilization."

I think he was saying that that library, indeed, all libraries, archives, and historical societies are the DNA of our society, leaving an imprint of excellence and intention for generations to come. It occurs to me, as we consider the rich history of education and service of PBS, (and as we are forced again and again and again to justify our very existence,) that we must certainly include this great institution in that list of the DNA of our civilization. That we are part of the great genetic legacy of our nation. And that cannot, should not, be denied us or our posterity.

We have consistently provided, with our modest resources, and over more than three tumultuous decades, quite simply an antidote to the vast wasteland of television my friend Newt Minnow so accurately described. *We do things differently.* We are hardly a "disappearing niche," as some suggest, but a vibrant, galvanic force capable of sustaining this experiment well into our uncertain future.

But now, and sadly not for the first time, I hear critics saying yet again that PBS must be scrapped, that our government has no business in television or the arts and humanities, that we must let the marketplace alone determine everything in our cultural life, that this huge broad based institution is essentially elitist, that a few controversial projects and actions prove the leftist political bias of the public television community. I feel strongly that I must respond to these charges.

Since the beginning of this country, our government has been involved in supporting the arts and the diffusion of knowledge, which was deemed as critical to our future as roads and dams and bridges. Early on, Thomas Jefferson and the other founding fathers knew that the pursuit of happiness did not mean a hedonistic search for pleasure in the marketplace but an active involvement of the mind in the higher aspects of human endeavor—namely education, music, the arts, and history. Congress supported the journey of Lewis and Clark as much to explore the natural, biological, ethnographic, and cultural landscape of our expanding nation as to open up a new trading route to the Pacific. Congress supported numerous geographical, artistic, photographic, and biological expeditions to nearly every corner of the developing West. Congress funded, through the Farm Securities Administration, the work of Walker Evans and Dorothea Lange and other great photographers who captured for posterity the terrible human cost of the Depression. At the same time, Congress funded some of the most enduring writing ever produced about this country's people, its monuments, buildings, and backroads in the still much used and admired WPA guides. Some of our greatest symphonic work, our most treasured dramatic plays, and early documentary film classics came from an earlier Congress' support.

With Congress' great insight Public Television was born and grew to its startlingly effective maturity echoing the same time-honored sense that our Government has an interest in helping to sponsor Communication, Art and Education just as it sponsors Commerce. We are not talking about a 100% sponsorship, a free ride, but a priming of the pump, a way to get the juices flowing, in the spirit of President Reagan's notion of a partnership between the government and the private sector. The CPB grant I got for the Civil War series attracted even more funds from General Motors and several private foundations; money that would not have been there had not the Corporation for Public Broadcasting blessed this project with their rigorously earned imprimatur.

But there are those who are sure that without the Endowments, the so-called "marketplace" would take care of everything; that what won't survive in the marketplace, doesn't deserve to survive. Nothing could be further from the truth, because we are not just talking about the commerce of a nation, we are not just economic beings, but spiritual and intellectual beings as well, and so we are talking about the creativity of a nation. Now, some forms of creativity thrive in the marketplace and that is a wonderful thing, reflected in our Hollywood movies and our universally popular music. But let me say that the marketplace could not have made and to this day could not make my Civil War series, indeed any of the films I have made.

That series was shown on public television, outside the marketplace, without commercial interruption, by far the single most important factor for our insuring PBS's

continuing existence and for understanding the Civil War series' overwhelming success. All real meaning in our world accrues in duration; that is to say, that which we value the most—our families, our work, the things we build, our art— has the stamp of our focused attention. Without that attention, we do not learn, we do not remember, we do not care. We are not responsible citizens. The programming on PBS in all its splendid variety, offers the rarest treat amidst the outrageous cacophony of our television marketplace—it gives us back our attention. And by so doing, insures that we *have* a future.

The marketplace will not, indeed cannot, produce the good works of PBS. Just as the marketplace does not and will not pay for our fire department or more important our Defense Department, things essential to the safety, defense and well-being of our country. It takes government involvement, eleemosynary institutions, individual altruism, *extra*-marketplace effort to get these things made and done. I also know, Mr. Chairman, that PBS has nothing to do with the actual defense of our country, I know that—PBS just makes our country worth defending.

Do not be persuaded by the argument that this is all elitist, that we are funding the superfluous; "opera for the rich." The meat and potatoes of public television reaches out to every corner of the country and touches people in positive ways the Federal Government rarely does. Indeed, it would be elitist itself to abolish the Endowments, to trust to the marketplace and the "natural aristocracy" that many have promised over the last two hundred years would rise up to protect us all—and hasn't.

With regard to my own films, I have been quite lucky. The Civil War series was public television's highest rated program and has been described as one of the best programs in the history of the medium. But that show, indeed all of my films produced over the last quarter of a century, are only a small part, a tiny fraction, of the legacy of PBS. If public television's mission is severely hampered or curtailed, I suppose I will find work, but not the kind that insures good television or speaks to the overarching theme of all my films—that which we Americans all hold in common. But more to the point, where will the next generation of filmmakers be trained? By the difficult rigorous process of CPB and PBS or by the "Hard Copy's" of the world? I hope it will be the former.

The former Speaker of the House of Representatives Newt Gingrich spoke eloquently and often of an American people poised for the twenty-first century, endowed with a shared heritage of sacrifice and honor and the highest ideals mankind has yet advanced, but also armed with new technologies that would enable us to go forward as one people. I say to all who would listen that we have in public television exactly what he envisions.

Many have recently criticized public television for certain controversial actions and projects with possibly too political a bent. I share the outrage of those who have condemned these lapses. But that's all they are: mistakes made by institutions forced continually to find sources of revenue from ever more disparate sources. Let us not be so foolish as to throw the baby out with the bath water. As historian David McCullough said, to abolish this institution for these transgressions, "would be like getting rid of the Navy after the Tailhook scandal." Let us respond reasonably.

Unfortunately, some continue to believe that public television is a hot-bed of radical thinking. I wonder, though, have they ever been to a PBS station? I doubt it. PBS is the largest network in the world, reaching into the most remote corners of every state in the Union and enriching the lives of people of *all* backgrounds. These are essentially conservative institutions, filled with people who share the concerns of most Americans. Indeed, PBS is supported by 70% of Republicans, 80% of Independents, and 90% of Democrats across the country. And Mr. Chairman, I know many people who criticize us as too conservative, to middle of the road, too safe.

And in a free society, the *rare* examples of controversy that may run counter to our accepted cannon, or one group's accepted cannon, need not be the occasion for a new reactionary Puritanism, but ought to be seen as a healthy sign that we are a nation tolerant of ideas, confident—as the recent tide of geo-political history has shown—that the best ideas will always prevail.

One hundred and fifty seven years ago, in 1838, well before the Civil War, Abraham Lincoln challenged us to consider the real threat to the country, to consider forever the real cost of our inattention: "Whence shall we expect the approach of danger?" he wrote. "Shall some transatlantic giant step the earth and crush us at a blow? Never. All the armies of Europe and Asia could not by force take a drink from the Ohio River or make a track in the Blue Ridge in the trial of a thousand years. No, if destruction be our lot, we must ourselves be its author and finisher." As usual, Mr. Lincoln speaks to us today with the same force he spoke to his own times.

Mr. Chairman, clearly we in public television must not take ourselves too seriously. Sometimes our greatest strength, our earnestness metastasizes into our greatest weakness. I know it's true for me. Usually a faithful and true companion, our earnestness and seriousness is sometimes worked to death. And Lord how we like to see our mission as the cure. I remember once, after giving an impassioned defense of what we do at PBS, a man came up to me and said simply, "It's not brain surgery, you know." (Perhaps.)

But a few weeks ago, on a perfect spring day, I was walking with my oldest daughter through a park in a large American city on the way to a college interview. We were taking our time, enjoying the first warm day of the year, when a man of about thirty, dressed in a three piece suit, approached me.

"You're Ken Burns." he asked.

I nodded.

"I need to talk to you about Baseball," he said under his breath.

"Okay." I hesitated.

Then, he blurted out: "My brother's daughter died." I took a step backward.

"I'm sorry," I said. I didn't know what else to say.

"SIDS." he said. "Crib death. She was only one."

"I'm so sorry," I said. "I have daughters."

"I didn't know what to do," he said in a halting, utterly sad voice. "My brother and I are very close. Then I thought of your film. I went home to our mother's house, got our baseball mitts, and went to my brother's. I didn't say a word. I handed him his mitt and we went out into the backyard and we played catch wordlessly for an hour. Then I went home . . . I just wanted to thank you."

Maybe it is brain surgery.

Mr. Chairman, most of us here, whether we know it or not, are in the business of words. And we hope with some reasonable expectations that those words will last. But alas, especially today, those words often evaporate, their precision blunted by neglect, their insight diminished by the shear volume of their ever increasing brethren, their force diluted by ancient animosities that seem to set each group against the other.

The historian Arthur Schlesinger, Jr. has said that we suffer today from "too much pluribus, not enough unum." Few things survive in these cynical days to remind us of the Union from which so many of our personal as well as collective blessings flow. And it is hard not to wonder, in an age when the present moment overshadows all else—our bright past and our unknown future—what finally does endure? What encodes and stores that genetic material of our civilization, passing down to the next generation—the best of us—what we hope will mutate into betterness for our children and our posterity.

PBS holds one clear answer. Please do not be the author of its destruction, the finisher of their important good works. PBS is the best thing we have in our television environment that reminds us why we agree to cohere as a people. And that is a fundamentally good thing.

Nothing in our daily life offers more of the comfort of continuity, the generational connection of belonging to a vast and complicated *American* family, the powerful sense of home, and the great gift of accumulated memory than does this great system which honors me by counting me a member.

Mr. TAUZIN. Thank you, Mr. Burns.

The Chair will now welcome and recognize Mr. Ken Lassman, deputy director of technology and communications for the Citizens for a Sound Economy Foundation. Mr. Lassman.

STATEMENT OF KENT LASSMAN

Mr. LASSMAN. The role of authorization within the budget process is to review the original mission of every Federal agency and program. The dramatic change to the communications marketplace in the last 30 years makes Federal subsidy to the Corporation for public broadcasting unnecessary. The question before us today should be how soon can we allow the CPB to break free of these subsidies, and what action will you take to allow the CPB to flourish?

Mr. Chairman and members of the committee, thank you for the opportunity to share a free market perspective on the CPB author-

ization. I am the deputy director for technology and communications policy at Citizens for a Sound Economy Foundation, and I present these views on behalf of our 250,000 members.

The CPB is a dinosaur, and I offer to you that if it survives, it will be because of change from within, because the forces of technology have already transformed the environment in which it operates. This morning's statements clarify a few ideas. See, some folks like it, and some folks treasure it, and some folks would go so far as to say it is an American institution. And I for one think that folks should get to keep it. You might think I am talking about the CPB and public broadcasting, and I am, but I am also talking about American taxpayer dollars.

Today consumers have untold number of choices that did not exist when the CPB was created. To continue to subsidize the CPB would be like subsidies for the Pony Express in an era after the railroad, the telegraph, the telephone, facsimile machines and even e-mail has come on the scene. It simply is not necessary.

The traditional story about the funding of the CPB is well-known. At the time that it was created, three networks dominated the television marketplace. Rowan and Martin's Laugh-In was the top-rated program, and Congress appropriated $5 million to the CPB in fiscal year 1969. Today 9 of the top 20 cable networks are devoted to education, public affairs, news, or children's programming. A quick search of the Internet turns up hundreds if not thousands of Web sites devoted to every imaginable local, cultural, artistic and educational topic. What began as a modest expenditure is now a monstrosity. Adjusted for inflation, $7.4 billion has been taken from taxpayers to subsidize the CPB in the last 30 years.

The legislation that this hearing was called to address would increase funding for the CPB at a time when the subsidy should be limited and eventually eliminated. H.R. 2384 creates a formula so that as alternative sources of funding are realized, Federal funding doesn't diminish. Not only does this guarantee that more taxpayer dollars are spent on public broadcasting, but it makes it impossible for public broadcasting to outgrow its history of Federal support.

Likewise, the $415 million authorized for a single class of broadcasters to transition from analog to digital technologies is nothing more than a high-tech handout. If public broadcasters raised funds for their digital transition through private markets, there would be at least three positive effects. First, taxpayers and the Congress would have a rough proxy of how consumers value the CPB and its affiliates. Second, a hybrid format with digital as well as analog programming would create value in the economy rather than replacement of one set of programming for another. And the third positive effect would be to allow public broadcasters to continue to reach the poorest Americans, who would be the last to purchase new television and radio equipment.

Digital conversion should be the opportunity to set the CPB free of Federal subsidies. As of now I am afraid it is viewed as an obligation to spend more money. I want to set the record straight. It is a mistake to confuse the CPB with all of public broadcasting. CPB is only one source of support for public broadcasting. In 1997, only 7 percent of funding for public broadcasting, 7 percent, came from the CPB. The same year operating revenue shot up a total of

$47 million, an increase of 23 percent. Over the last 2 years, PBS grew by 30 percent while its CPB funding dropped. Evidently, popular, well-researched and thorough programs like those that Mr. Burns creates can succeed in the marketplace.

Some critics claim that quality programming cannot be supported with private support. In essence this argument requires one of two assumptions. Its advocates might believe that the programming is not good enough. Well, they are wrong. Or they might believe that consumers do not know enough for themselves about what they need, and that a benevolent, federally funded public broadcaster should come in to deliver art and education and culture. They are wrong on this point as well.

Mr. Chairman, I have several things to share with you, and I will reserve them for your questions. Thank you.

[The prepared statement of Kent Lassman follows:]

PREPARED STATEMENT OF KENT LASSMAN, CITIZENS FOR A SOUND ECONOMY FOUNDATION

In 1899, Lee de Forest completed doctoral work at Yale studying the length and velocity of electromagnetic waves. In the introduction to his autobiography, Father of Radio, de Forest wrote, "I discovered an Invisible Empire of the Air, intangible, yet solid as granite."[1] A century after de Forest's experiments, the Corporation for Public Broadcasting (CPB) is an empire of the airwaves; its form is difficult to grasp and it is solidly entrenched in the federal budget. Like de Forest, I believe in progress and progress requires alternatives to increased federal funding for the CPB.

The CPB is a dinosaur. If the CPB survives, it will be because of change from within, because the forces of technology have transformed the communications environment in which it operates.

Mr. Chairman and members of the committee, thank you for the opportunity to share my views on the Corporation for Public Broadcasting and its budgetary authorization. As you may know, I am the deputy director for technology and communications policy at Citizens for a Sound Economy Foundation (CSE Foundation), and I present these views on behalf of CSE Foundation's members.[2]

More than a quarter of a million strong, CSE Foundation's members are found in every corner of America. Our members distinguish themselves as political activists. They constantly remind us that decisions made in Washington, D.C. are felt in places far away from here. And that is where CSE Foundation can be found. We fight at the grassroots level for lower taxes and less regulation of the economy. And let it not be forgotten that political activists are also consumers, consumers of the myriad high-quality goods and services available in America, including public broadcasting.

Introduction

This hearing immediately brings to mind a few ideas. Some folks like it. Some folks treasure it. Some folks even consider it an American institution. I for one think that folks should get to keep it.

You might think that I am talking about the CPB. I am. And of course, I am talking about taxpayer dollars as well. The purpose of this hearing is to consider an authorization for the CPB. The role of authorization within the budget process is to review the original mission of every federal agency. Given the dramatic changes to the communications marketplace in the last 30 years, continued federal subsidies for the CPB are unnecessary. The question to answer is how soon can the CBP break free of federal subsidies.

Today, consumers have untold number of choices today that did not exist when the CPB was created. To continue subsidies for the CPB is like subsidizing the Pony Express in an era of railroads, the telegraph, facsimile machines, the telephone and email.

Federal subsidies should end as soon as possible. If the CPB has a place in a marketplace filled with satellite, Internet, and cable communications, it could become

[1] Lewis, Tom, "Empire of the Air: The Men Who Made Radio," HarperCollins, 1991, New York, page 364.

[2] CSE Foundation does not receive any funds from the U.S. Government.

something of a "United Way" for the airwaves. The next generation of the CPB could raise private dollars to help local broadcasters.

This statement has two basic points.

1. Contrary to what you may hear today, the health of public broadcasting does not depend upon federal funding. Last year, approximately 17.5 percent of PBS' funding came from the federal government. All told, only 7 percent is from the CPB. In fact, evidence suggests that as federal funding decreases public broadcasting becomes stronger.
2. The marketplace today is dramatically different than it was 30 years ago. Direct satellite broadcast, new over-the-air broadcast, video rental, cable and the Internet are competitive sources of education and entertainment. Independent, community-based, and educational programming is available across America.

Funding

Over the last several years, public broadcasting raised more money and operated larger budgets when federal funding decreased, or at best, remained stable. It should come as no surprise that federal funding is like a poison pill. Economic resources in the private sector are often more efficient, produce higher quality goods, and are more innovative than the resources in the public sector.

Federal Authorization and Appropriation. The traditional story told about the funding of the CPB is well known by many members of this committee. At the time that the CPB was created, three networks dominated the television broadcast marketplace. In FY 1969, the administration requested $9 million and Congress appropriated $5 million to the CPB. Over the last 30 years, more than $5.2 billion has been taken from taxpayers and used to subsidize the CPB.[3]

The most recent authorization for the CPB expired at the end of FY 1996. This fact alone is cause for pause. H.R. 2384 would authorize the CPB for five years. Before consideration is made as to at what level the CPB should be funded, an initial and more important question must be answered. Should the CPB be dependent upon federal money? If not, is a five-year authorization necessary?

Once the primary question is addressed, it is possible to debate the proper level of funding. The proposed legislation not only appears to put the cart before the horse with a five-year authorization, but it also loads the cart down with excessive baggage.

The baggage is of course a tremendous amount of money. H.R. 2384 would increase federal spending on the CPB by more than 60 percent next year.[4] The legislation would increase funding by an additional $40 million in FY 2001—an increase of more than 13 percent. A one-year hike of 40 percent, or even 13 percent, is impossible to justify especially given that last week the Labor Department released data to show that there was no inflation for the second consecutive month.

In addition, H.R. 2384 creates a formula that ensures that federal funding does not diminish even as alternative sources of funding for public broadcasting are realized. This is a poor approach. Not only does this guarantee that more taxpayer dollars are spent on public broadcasting, but it makes it impossible for public broadcasting to outgrow its history of dependency on federal support.

Digital Technology Conversion. A transition to digital broadcast is cumbersome and expensive. The fact that it may be difficult for public broadcasters to invest in new equipment, systems, and training should highlight a larger problem. It is a problem faced by all broadcasters as the result of statutory deadlines. Authorizing and ultimately appropriating federal subsidies to any single class of broadcasters to aid in this transition is nothing more than a high-tech handout. Taxpayer dollars should not fund improvements to the physical plant of broadcasters.

As recent as the President's FY 1999 Budget, $375 million was requested to subsidize this transition. The legislation before you today increases this give-away by $40 million.

Obviously, supporters of H.R. 2384 view a transition to digital broadcasting as a problem to be solved with taxpayers' money. The contrary might be a healthier and more productive perspective. A transition to digital does not have to be a simple

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[3] For three decades, federal funding of the CPB has grown at staggering rates. After the initial $5 million outlay, the next appropriation was tripled and then the CPB appropriation grew an additional 53 percent in FY 1971. By FY 1979, the CPB was taking home more than $120 million—24 times more than FY 1969—from the federal treasury. According to the President's Budget, (FY 2000, Historical Tables, 12.3) in the proceeding ten years the CPB appropriation went to $228 million, an increase of 90 percent. The most recent decade has seen CPB appropriations balloon to as much as $323 million in a single year. McCalip, Bernevia, "95063: Public Broadcasting: Issus in the 106th Congress," CRS Issue Brief for Congress, page 6.

[4] See also, Lilly, Aaron, M. "He's Almost 31 Years Old: It's Time for Big Bird to Leave the Next," TAX Fact #22, Citizens for a Sound Economy, 1999.

substitution for traditional analog broadcasting. In fact, the marketplace may support analog broadcasting for many years to come. Due to overhead, we might expect that every one of the $415 million authorized to the transition would not be invested in new equipment and systems. Yet, for a downstream share of revenues, it is entirely plausible that hundreds of millions of dollars of investment could be financed through private markets. It is not prudent to pour federal dollars into the conversion of public broadcasting to digital when alternatives have not even been entertained.

If public broadcasters raised funds for their digital conversion through private markets, there would be at least three broad positive effects: First, taxpayers and the Congress could have a rough proxy of how consumers value the CPB and its affiliates.

In 1995, Representative Jack Fields entertained private sector bids for portions of public broadcasting. The fact that at least three firms would have bid for all or part of PBS hints at the value of public broadcasting properties. Why should federal support continue if there are private firms and individual investors willing to pay a market value for public broadcasting?

Second, a hybrid format—digital and analog programming—would create value in the economy rather than simply replace one set of programming with another. Make no mistake; the effect of this proposal would be to grow public broadcasting in America. It would however grow as a result of private and not public funds. While this is not the time for a lengthy discussion on spectrum management, it is imperative to point out that the highest degrees of spectrum flexibility must be available in the marketplace to encourage private investment.

A third positive effect would be to allow public broadcasters to continue to reach the poorest Americans who would be the last to purchase new television and radio equipment. Digital conversion could be an opportunity to set the CPB free of federal subsidies instead of an obligation to spend more money.

Financial Health. The CPB is doing quite well. At the end of last year, the CPB had $137,844,824 on hand.[5] At the very least, past appropriations and other revenue streams should be considered as decisions are made about federal funding.

It is a mistake to confuse the CPB with all of public broadcasting. The CPB operates as a funding conduit for PBS, National Public Radio (NPR), and their affiliates. The CPB is only one source of support for public broadcasting. When the rhetoric heats up, Big Bird, Barney and Masterpiece Theater make the headlines. However, it is also a mistake to think that the decisions made in this room will decide the future of a popular or high-quality program. Popular programs succeed in the marketplace.

The end of funding for the CPB is not the end of public broadcasting. Consider that in 1997, only 7 percent of funding for the Public Broadcasting Service (PBS) came from the CPB.[6] Yet, the FY 1997 operating revenues were up a total of $47 million over FY 1996, an increase of 23 percent.[7]

To put this growth in perspective, if I grew 23 percent in the next year, I would be 7 feet, 7 inches tall. If the membership of the House grew at the same rate, there would be 100 additional members next year and this subcommittee would have 33 members.

The total revenues for PBS in FY 1997 were in excess of $369 million. The outright elimination of the PBS revenues from the CPB, nearly $25,900,000, is more than $11 million less than PBS' new operating revenues. There are more new revenues for PBS than the total amount of money from the CPB. This is "due largely to growth in PBS's Learning Ventures activities, such as PBS The Business Channel, PBS Home Video and the PBS Adult Learning Service."[8]

PBS is growing. "Total operating revenues, including program underwriting, reached $448 million in fiscal 1998, 30 percent above fiscal 1995's $344 million."[9] Its operating revenue "grew $37 million in fiscal 1998 and $30 million in fiscal 1997, primarily through such non-station sources as video sales, fees for educational services, licensing arrangements and cable royalties."[10] The combined $67 million growth in 1997 and 1998 and the 30 percent increase in operating revenues oc-

[5] CPB 1998 Annual Report, http://www.cpb.org/atwork/annualreports/1998/fin—rep.html.
[6] PBS 1997 Annual Report, http://www.pbs.org/insidepbs/annualreport1997/highlights.html.
[7] ibid.
[8] ibid.
[9] PBS 1998 Annual Report, http://www.pbs.org/insidepbs/annualreport/index.html.
[10] ibid.

curred while funding for the CPB went from $312 million in FY 1996 to $250 million in FY 1999.[11] Federal funding went down and operating revenues went up.

Alternatives and the Marketplace

There are alternatives to federal support for public broadcasting. The realization of these alternatives may require that federal support be withdrawn. Why would a potential financial supporter of public broadcasting become an actual donor if there were an assurance of government aid? A rational person would likely withhold their donation and give it to another organization. It is plausible that federal support is not so much a crutch toward a healthy public broadcasting effort, but it is a handicap.

This would explain how public broadcasting grows when subsidies are reduced. Alternative programming and content is also available. In the last decade alone, members of this committee have sponsored legislation to address cable television, direct satellite television, the Internet and its content, as well as radio licensing and spectrum management.

Alternative Funding. There are alternatives to federal financing. Recent research by George Pieler outlines the far-reaching support that public broadcasting has within the giving-foundation community. Pieler writes, "of grants to PBS, CPB and NPR reported by the Foundation Center, total 1996 grants ($18.1 million) were almost as large as combined grants for 1994 and 1995 ($20.1 million)."[12]

The CPB is preparing for a time when federal subsidies are reduced, if not eliminated. The CPB has dedicated funds to "assist stations" efforts to develop greater economic self-sufficiency in response to slowing industry revenues and potential reductions in federal and other sources of financial support."[13] These television and radio "future funds" totaled $10,728,408 in 1998.[14] Only two years before, the total amount spent on future funds, including system support, was just over a half a million dollars.[15]

The future funds raise several questions. First and foremost, why are federal funds at the CPB being used to plan for the future of local stations? If the goal of this planning is to develop greater economic self-sufficiency, what measures are being used? Is the program meeting these measures? And if the program is successful with a particular station, then the funding that the CPB had previously dedicated to that station is no longer necessary. Therefore, the amount of taxpayer subsidies to the CPB should be decreased.

If, on the other hand, there are no measures for success or if measures exist and the "future funds" program is a failure, federal funding should be decreased by at least as much as is being spent on the program. By itself, this one commonsense change would have saved taxpayers nearly $11 million last year.

A final note about alternative means of support for public broadcasting: As I said before, there is some high-quality programming available as a result of public broadcasting and it is evident that the market would support this programming. It is ironic and a bit sad that the greatest defenders of the value created by public broadcasting are not found in the public broadcasting community. With every request for federal subsidies, a quiet assertion is made: Public broadcasting is not good enough to succeed without a handout. Public broadcasting is better than that. Quality programming succeeds every day without federal subsidies.

All too often we fall into a trap and act as if the policymaking community knows better than the market how to value a product or service. The only way to determine an economic value is to allow consumers to choose freely in the marketplace. Consumers vote with their dollars and through the market process. The argument that the programming available on public broadcasting cannot be supported by private investment reveals the thinking of its advocates.

In essence, this argument requires one of two assumptions. When you hear this argument, take note. Its advocates believe that either the programming is not good enough or that consumers do not know enough for themselves about what they need

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[11] Note that the fiscal year for PBS ends on June 30, while the last day of the federal budget's fiscal year is September 31.

[12] Pieler, George, "Big Bird Meets Cash Cows: Foundations, Corporations Respond to Fear Tactics," Foundation Watch, Volume IV, Number 4, April 1999, Capital Research Center.

[13] CPB 1998 Annual Report, http://www.cpb.org/atwork/annualreports/1998/fin—rep.html.

[14] ibid.

[15] The TV future fund was $218,450, the radio future fund was $199,772 and system support for the future funds $99,424. This information can be found in the 1996 CPB Annual Report, http://www.cpb.org/atwork/annualreports/1996/statementactivities.html. It is not clear from the data provided what constitutes "system support." However, it appears that approximately one fifth of the expenditures on the future self-sufficiency of CPB affiliates was spent on overhead.

and that a benevolent, federally-funded public broadcaster can bring culture and education to them.

If the former is the case, it is a sad statement on the programming that taxpayers have subsidized for the past 30 years. And if the latter is the case, it is a reprehensible, do-gooder, and elitist attitude that does not warrant the financial support of a self-respecting American government.

Alternatives in the Marketplace. Nobel Prize winner George J. Stigler wrote, "a monopoly is an enterprise that is the only seller of a good or service."[16] Whether public broadcasting enjoyed a monopoly on programs devoted to education, arts, nature and culture 30 years ago is an interesting hypothetical question. Today, however, the market for programs devoted to education, arts, nature and culture is, to say the least, highly competitive. A full complement of technologies, programs and alternatives are available. With the exception of public broadcasting, most receive no direct subsidies from the federal government.

Consider the following chart.[17] An analysis by Bryan Riley at CSE Foundation found that cable television provides a competitive alternative to the programming of public broadcasting. Riley's analysis did not account for the hundreds of programs available through satellite television and could not have accounted for the Internet.

Washington, D.C. Viewing Choices: March 5-11

Broadcast Time	PBS Programming	Cable Alternative
2 PM Sunday	"The Lawrence Welk Show: Then and Now" (WMPT)	"Brideshead Revisited" (Bravo)
10 PM Monday	"A Hard Day's Night" (WETA)	"Great Battles of the Civil War" (TLC)
10 PM Tuesday	"Nightly Business Report" (WETA)	"Business Tonight" (CNBC)
10 PM Wednesday	"John Tesh Live at Red Rocks" (WMPT)	The U.S. Navy's First Jet Fighter (Discovery)
2:30 PM Thursday	"Look & Cook" (WMPT)	"Yan Can Cook" (TLC)
10 AM Friday	"Homestretch " (WHMM)	"Fitness Pros" (ESPN)
6:30 PM Saturday	"This is Garth Brooks" followed by the Eagles in concert (WMPT).	The Metropolitan Opera Performs "Tosca" (Bravo)

Consumers have a wide range of choices for educational material. Consider just a few numbers.

- *Television.* By 1997, televisions were in 98 percent of American households. Thirty years ago there were three networks but the addition of Fox and part-time networks like UPN and the WB to the over-the-air market provide more choices and new programming.[18]
- *Cable.* In 1975, there were 3,506 cable systems in America. Ten years later, there were nearly twice as many (6,600) and today there are more than 10,000 cable systems that deliver cable television to more than 67 percent of households.[19]
- *Cable.* Two-thirds of households with income between $30,000 and $35,000 and three-fifths of households with income between $20,000 and $30,000 have cable television in America.[20]
- *Video.* In 1998, nearly 50 million videocassettes were rented, up from 32.3 million in 1990.[21]
- *Internet.* The Department of Commerce reports that traffic on the Internet doubles every 100 days and that the World Wide Web is growing at twice the rate of the U.S. economy.

The wide availability of independent, unique, and community based content may be unmatched by the Internet. In just one small sub-set of programming—children's educational material—a quick search uncovered web sites such as:

- Pitara.com, a site for kids with an Indian perspective that includes poetry, stories and special features on history and culture;
- Exploratorium.edu, a self-identified museum of science, art and human perception; and,
- Funbrain.com, where more than 30 educational games in eight categories are free for kids in four different age groups.

[16] Henderson, David, R. ed. "The Fortune Encyclopedia of Economics," Warner Books, New York, 1993, page 399.

[17] Riley, Bryan, "Time for Big Bird To Leave the Nest: Privatizing Public Television," Budget Impact Statement No. 14, CSE Foundation, March 6, 1995.

[18] World Almanac, p. 188.

[19] "The World Almanac and Book of Facts 1999", World Almanac Books, p. 189.

[20] The 1998 Statistical Abstract of the United States, Table No. 916.

[21] Found at www.mpaa.org/useconomicreview/1998/sld029.htm.

The Internet is not a substitute for Sesame Street. It is, however, a viable alternative that has done as much as any medium to change the marketplace for the programming that public broadcasting was created to provide.

Recommendations

Unlike many policy issues that come before this committee, the future funding of public broadcasting presents an opportunity for a win-win situation. Public broadcasting is stronger without federal subsidies. At a minimum, a decrease would change the focus of public broadcasters toward the needs and desires of their audience and away from the tempestuous swirl of politics. Likewise, taxpayers would win with a reduction in the amount of government spending.

Above all else, a change in the relationship of the federal government to public broadcasting should take into account the incentives of public broadcasters. Creative and pragmatic ideas to reduce federal subsidies should come from public broadcasters. These ideas should be solicited. Any proposal should have two key characteristics.

1. Move control of the CPB and its affiliates away from the government.
2. Decrease, to the point of elimination, federal subsidies for public broadcasting.

All proposals consistent with these simple guidelines should be considered. For example, if the CPB offered a proposal to make itself independent in three years, Congress might waive spectrum fees that result from auxiliary use of the spectrum.

The Socratic adage that the unexamined life is not worth living might very well be applied to federal spending and the CPB. An authorization made without consideration of CPB's financial situation and the dramatic changes in the marketplace is an authorization not worth making.

Thank you.

Mr. TAUZIN. I thank the gentleman.

The Chair is now pleased to welcome Dr. Amy Jordan, senior research investigator for the Annenberg Public Policy Center in Philadelphia.

STATEMENT OF AMY B. JORDAN

Ms. JORDAN. Mr. Chairman and members of the committee, I appreciate the opportunity to testify before you today. My name is Amy Jordan, and I am a senior research investigator at Annenberg Public Policy Center of the University of Pennsylvania, and I direct research on children and television there.

This is a topic that is not only a professional interest to me, it has personal relevance as well. I am the mother of three children, ages 10, 6, and 4, and over the years my family has come to appreciate, in many ways rely on, the PBS programs that are offered to my children.

Since 1996, the Annenberg Public Policy Center has been tracking television for children. Each spring we conduct a national telephone survey with 1,000 parents and 300 of their children. We also conduct yearly consent analyses of the children's television available in one large market, Philadelphia, to determine whether and how children are being served by television. And more recently we have been assessing the impact of the FCC's processing guideline known as the 3-hour rule.

In my comments today I will summarize the Annenberg Public Policy Center's research on the role of television in children's lives, the state of children's television in 1999, and the unique and important position of PBS in the overall landscape of children's television.

Television is a very important medium in the lives of America's children, even in this multimedia era. Children spend more than 2.5 hours each day watching television, and almost half of America's children have television sets in their bedrooms. Research in

the academic community supports the notion that good television, television that is designed to be beneficial, really does make a positive contribution to children's lives. Unbiased research out of top universities indicates that such programs as Sesame Street, Barney and Mr. Rogers' Neighborhood boost children's cognitive processing, social skills and creativity. This research supports developmental psychologist Dan Anderson's contention that, quote, educational television is not an oxymoron, the way, as Congressman Markey said, commercial public television is an oxymoron.

Children today certainly have a vast menu of programming from which to choose, particularly children who have cable. Though the majority of families with children do subscribe to cable, it is important to note that one-quarter to one-third of America's children do not have access to cable and that noncable homes are disproportionately disadvantaged. But having cable does not necessarily ensure that children have access to programs that are high-quality or educational.

Our 1999 analysis revealed that approximately a third of cable's offerings for children were low-quality, containing violence, sexual innuendo, stereotyping and/or harsh language. This figure seems rather stark in comparison to PBS's programming. Not one of PBS's programs for children fell into that low-quality category. In fact, the vast majority of programs were of the highest quality, contained significant educational value, and free of problematic content child experts worry about.

In our 4 years of research, PBS has consistently ranked No. 1 as a contributor of the largest percentage of high-quality programs for children. No other venue, including Nickelodeon and Disney, offer such a large quantity and quality of programs for children as PBS.

Our findings that PBS stations offer high quality educational programs resonates with parents who believe and have believed since we began our polling in 1996 that public broadcasting offers the best programming for their children. Not only does the largest proportion of parents feel that the best shows for children can be found on public broadcasting, when asked to name a good show for children, PBS programs come up more often than any others. Parents really like Sesame Street and Barney.

Our research shows that during the last few years, children's television in general has begun to slowly improve. But the 3-hour rule has not yet produced sufficient broadcast programming for children to eliminate the need for the kinds of programs offered by PBS. Some of the commercial broadcasters' so-called educational shows really can't be considered educational by any reasonable benchmark. We found Jumanji labeled as educational because characters "survive in the jungle by being creative and athletic." that was one commercial broadcaster's educational program.

Our research shows that PBS's lineup of children's programs makes an important contribution to the landscape of children's television in at least two important ways. First, it serves a unique and broad audience, not just those children who are attractive to advertisers or who have access to cable. PBS strives to reach audiences of all ages with age-specific programs. Second, PBS tackles tough but important topics in their programming, subjects that

might seem too risky for commercial broadcast networks: classic literature, science, cultural awareness, geography and history.

In sum, the Annenberg Public Policy Center for Research indicates that PBS is consistently dependable as a source of quality television for children and widely trusted by parents, advocates, and scholars who see it as a safe harbor in an otherwise unpredictable environment. Thank you, Mr. Chairman.

[The prepared statement of Amy B. Jordan follows:]

PREPARED STATEMENT OF AMY B. JORDAN, SENIOR RESEARCH INVESTIGATOR, ANNENBERG PUBLIC POLICY CENTER, UNIVERSITY OF PENNSYLVANIA

INTRODUCTION

Mr. Chairman and members of the Committee, I appreciate the opportunity to testify before you today regarding H.R. 2384, The Corporation for Public Broadcasting Authorization Act of 1999. I am a Senior Research Investigator at the Annenberg Public Policy Center of the University of Pennsylvania, and I direct the research on children and television. I received my Ph.D. in Communications from the University of Pennsylvania in 1990, and have been with the Annenberg Public Policy Center teaching and conducting research on children and television since 1995. This is a topic that is not only of professional interest to me; it also has some relevance. I am the mother of three children—ages ten, six and four. We all appreciate and enjoy PBS.

ABOUT THE ANNENBERG PUBLIC POLICY CENTER

The Annenberg Public Policy Center (APPC) was established by publisher and philanthropist Walter Annenberg in 1994 to create a community of scholars within the University of Pennsylvania that would address public policy issues at the local state and federal levels. Since 1996, the Center has been tracking the availability and viewership of quality, educational television for children. Each Spring, we conduct a national telephone survey of over 1,000 parents of 2- to 17-year-old children and over 300 of their children on their use and perception of television and other media. In addition, APPC conducts yearly content analyses of the children's television available in one large market—Philadelphia—to determine how children are being served by public and commercial broadcast television as well as basic and premium cable TV. More recently, we have been assessing the implementation and impact of the Three-Hour Rule; the FCC processing guideline that requires that commercial broadcast stations, seeking expedited license renewal, air a minimum of three hours a week of educational television for children.

I will summarize the Annenberg Public Policy Center's research on the role of television in children's lives, the state of children's television in 1999, and the unique and important position of PBS in the overall landscape of children's television.

TELEVISION IN THE LIVES OF CHILDREN

Television is a very important medium in the lives of America's children. Even in 1999—in the multi-media context of computers and on-line access, videogames and VCRs—children spend more time with television than they do with any other medium (on average, two and a half hours per day). In addition, nearly half of America's children have a television set in their bedroom (Stanger and Gridina, 1999).[1]

Many child development experts say the average child spends too much time with television,[2] but the parents we surveyed appear to be more concerned with what their children watch (70 percent) than *how much* they watch (18.9 percent). Parents' concern over what children can potentially see on television is reflected in the generally negative opinion they have of the medium. Only 16.5 percent of parents in our 1999 survey feel that there is "a lot" of "good television" for young people. Nev-

[1] 29.4 percent of preschoolers; 46 percent of elementary school age children and 60.2 percent of adolescents have TVs in their bedrooms.

[2] Stanford child expert William Damon, for example, says one and a half hours per day should be the upper limit (Damon, 1997).

ertheless, most feel that television can be a positive resource in the home, with the majority saying that their child's television viewing does "more good than harm."[3]

Research in the academic community supports the notion that "good television"—television that is designed to be beneficial—really does make a positive contribution in the life of the developing child. Unbiased, carefully controlled studies on such PBS programs as "Sesame Street," "Mister Rogers' Neighborhood" and "Barney and Friends" indicate that children's cognitive processing (Collins et al., 1997), social skills (Friedrich and Stein, 1973) and creativity (Singer & Singer, 1983) receive a boost as a result of children's viewing of these programs. This research supports developmental psychologist Daniel Anderson's contention that: "educational television is not an oxymoron" (Anderson, 1998).

Given the increasing evidence of the benefits of educational television, one must consider whether parents have the choices and information they need to be able to find enriching, age-appropriate programming for their children.

THE AVAILABILITY OF QUALITY TELEVISION

Children today have an astonishing number of programs produced and aired specifically for them. In the market we study—Philadelphia—there are 29 channels offering 1,324 children's programs in an average week (279 of these programs are unique titles). The explosion of children's programming appears to be taking place on the cable front, where more than half (55 percent) of programs for children are aired (Woodard, 1999).

Over the last two decades, children's access to cable has been on the rise. Our Spring survey indicates that the majority of families with children subscribe to cable (77.4 percent). However, it is important to note that nearly one-quarter of homes with children ages 2-17 do not have access to cable television. Differences in cable access are predicted by the economic circumstances of families. APPC's research and Nielsen data show that homes without cable are disproportionately disadvantaged (Stanger, personal communication; Nielsen, 1996), probably because cable television is a non-essential monthly expense that would strain the resources of America's poorest families.

Having cable doesn't necessarily ensure that children have access to programs that are predictably high-quality or educational, though it does ensure that children with cable TV have roughly twice the number of programs from which to choose. APPC's 1999 analysis of the quality and availability of television for children revealed that approximately a third of cable's offerings for children were judged to be of low quality (30 percent)—containing violence, sexual innuendo, stereotyping and/or harsh language. This figure seems rather stark in comparison to PBS's programming. Not one of PBS's programs for children fell into the low quality category. In fact, the majority of programs (80 percent) were evaluated as high quality—containing significant educational value and gender and ethnic diversity in the characters and devoid of problematic content that child experts worry about (Woodard, 1999). In the four years during which the Annenberg Public Policy Center has tracked the quality and availability of programming for children, PBS has consistently ranked #1 as the contributor of the largest percentage of high quality programs (Jordan, 1996; Jordan and Woodard, 1997; Jordan, 1998; Woodard, 1999). No other venue—including Nickelodeon and Disney—offers children such large quantity and quality of programs for children as PBS.

THE STATE OF CHILDREN'S TELEVISION: QUALITY, QUANTITY AND PUBLIC PERCEPTIONS

Our finding that PBS stations offer high quality, educational programs for children resonates with the parents who believe—and have believed since we began our polling in 1996—that public broadcasting offers the best programming for their children (Hart, 1996; Stanger, 1997; Stanger, 1998; Stanger and Gridina, 1999). Not only do they say that the best shows for young people can be found on public broadcasting, when parents of children ages 2-17 were asked to "name a show that is best for your child", two PBS programs—"Sesame Street" and "Barney and Friends" have been the most frequently cited programs three years in a row (Stanger, 1997, 1998; Stanger and Gridina, 1999).

Television for children is slowly improving, possibly the result of economic and regulatory forces. Annual content analyses have shown that over the years there has been a small drop in the proportion of programs for children that contain "a

[3] Parents of preschoolers are more likely to say that television does more good than harm than parents of older children. 72.3 percent of preschoolers' parents felt this way, compared to 63 percent of elementary school age and 52.8 percent of teenage viewers' parents.

lot" of violence[4]; and an increase in the number of shows that contain some enriching content.[5] Commercial broadcasters—such as those affiliated with Fox, ABC or WB—have begun airing three hours a week of educational television in order to receive expedited FCC review of their license renewal applications (Schmitt, 1999). We now see "The Magic School Bus," "Popular Mechanics for Kids," and "Pepper Ann" on the nation's free airwaves—a direct result of the Three Hour Rule (Jordan, 1999).

This is good news for parents who try to minimize their children's exposure to violence and encourage their viewing of potentially enriching fare. For those who look, high quality, educational programming can be found all over the dial and almost any time of the day. The challenge is for parents to identify these educational programs and direct their children to them.

GUIDING CHILDREN TO QUALITY, EDUCATIONAL PROGRAMMING: THE CHALLENGE

The Three-Hour Rule has not yet produced sufficient broadcast programming for children to eliminate the need for such programs on PBS. The E/I icon used to identify educational programming is often obtuse and unevenly applied. In addition, APPC's analyses revealed that one in five programs labeled as E/I by commercial broadcast stations could not be considered educational by the Annenberg Public Policy Center's benchmarks. This is not a new trend. As far back as the Children's Television Act of 1990 we have seen broadcasters creatively re-labeling cartoons or old family sitcoms as educational. In 1994, for example, The Center for Media Education found "The Jetsons" labeled as an educational program because it "taught children about life in the 21st Century" (CME, 1992). In 1999, two years into the implementation of the Three-Hour Rule, we found "Jumanji" labeled as educational because characters "survive in the jungle by being creative and athletic" (Schmitt, 1999).

Until there is a market increase in the percent of homes with children that have access to cable and until the educational programming on broadcast stations is consistently educational, PBS is the only place parents can turn with confidence that what their children watch will be enriching.

THE DISINCENTIVES FOR EDUCATIONAL TELEVISION

In the absence of regulation, it seems that many commercial broadcasters feel that it is in their financial best interest to avoid children's educational programming. Research we conducted with advocates, producers, advertisers, academics and network executives prior to the passage of the Three-Hour Rule revealed an industry-wide conventional wisdom that educational programming is perceived as less lucrative than entertainment-only programming. The reason: educational television must, by definition, target a narrower audience in order to ensure that the lessons of the program are age-appropriate (Jordan, 1996). The producers of "Captain Planet," for example, say the audience for this superhero cartoon is all children ages two to twelve (Jordan, 1998)—a large enough audience to be attractive to advertisers. The producers of "Bill Nye the Science Guy," by contrast, say their target audience is fourth graders (Schmitt, 1999).

The conventional wisdom of the commercial television industry also dictates that the best way to capture the largest possible audience for advertisers is to program for boys, since, in the words of the interviewees, girls will watch boys' programs but boys will not watch girls' programs (Jordan, 1996). It is therefore no surprise that commercial broadcast and cable channels are populated with male-dominated action/adventure series such as "Batman", "Spiderman," "Superman,"—X-Men," and "Beast Wars."

THE UNIQUE CONTRIBUTION OF PBS TO CHILDREN'S TELEVISION PROGRAMMING

Because PBS does not rely on the support of advertisers in the same way as commercial broadcasters, it does not appear to abide by the dictates of conventional wisdom. Our research shows that PBS's lineup of children's programs makes an important contribution to the landscape of children's television in at least two important ways: it serves a unique and broad audience (not just those children who are attractive to advertisers or who can afford cable); and it offers them a diverse menu of programming (not only "prosocial" but also "traditionally academic" educational shows).

[4] In 1998, 32 percent of programs were judged to have "a lot" of violence. That number declined to 28 percent in 1999.

[5] In 1998, 46 percent were judged to have no educational value and in 1999 that number was down to 25 percent.

PBS Serves A Broad Audience of Children

Content analyses indicate that PBS does not limit itself to serving one age group or even the lowest common denominator. Unlike those on commercial broadcast stations, PBS's programs reach children of all ages with age-specific programs—there are preschool programs such as "Sesame Street" and "Mister Rogers' Neighborhood;" elementary school age programs such as "Arthur" and "Zoom;" even programs for pre-teens and teens such as "Wishbone" and "In the Mix." By contrast, commercial broadcasters typically "brand" their channel for children of a particular age (for example, NBC focuses exclusively on programming for the oldest children). Because commercial broadcasters must rely on advertisers to support their children's shows (and because advertisers prefer the largest possible audience of six-to twelve-year olds), there are virtually no educational programs for preschoolers on broadcast stations beyond those provided by PBS. As one advertising executive put it in 1996: "Two to five is not a real big target for advertising" (Jordan, 1996:29).

PBS's Educational Programs are Unique and Diverse

The PBS programs we have examined in our annual content analyses typically look novel and creative when compared with the fare offered through commercial venues. This is even the case when one compares PBS's educational programs with the educational programs offered by commercial broadcasters to satisfy the requirements of the Three-Hour Rule. Though three-quarters (75 percent) of the commercial broadcasters' educational programs are "prosocial shows"—containing content that addresses children's social and emotional needs (Schmitt, 1999)—PBS's shows are more varied and more likely to be tied to traditional academic curricula. One sees PBS programs tackling topics that might seem too risky for commercial broadcast networks: classic literature, science, cultural awareness, geography, and history. And unlike some of the commercial broadcasters' educational programs, these shows are carefully researched to ensure that the message is properly conveyed to and understood by the target audience (see, for example, research by Milton Chen on "Square One TV"). PBS programs work on the development of basic letter and number concepts in preschoolers ("Sesame Street"); offer lessons nature, wildlife and the environment ("Kratt's Creatures"), address literacy and literature ("Reading Rainbow" and "Wishbone") and deal with complex scientific concepts ("Bill Nye the Science Guy"). These are the sorts of programs that were envisioned by those who crafted the Children's Television Act and The Three-Hour Rule but only truly realized by PBS (Jordan, 1999).

CONCLUSIONS

Research at the Annenberg Public Policy Center over the past four years indicates that there are more high quality and educational programs as a result of changes in the economic and regulatory environment. Our four year program of research on children and television shows that parents are most likely to cite PBS stations as the best source of good programming for their children. When asked about programs they encourage for their children, parents quite frequently listed "PBS" (as a general station venue) or PBS programs. In addition, when asked to name high-quality, educational programs for children, we see in our surveys with parents and interviews with industry insiders and observers, that PBS shows are listed more often than any other venue of programming.

It is clear from our research that PBS is a unique and important educational resource in the lives of our nation's children—particularly those children who have comparatively few resources available in the home. PBS is consistently dependable as a source of quality television for children, and widely trusted by parents, advocates and scholars who see it as a safe harbor in an otherwise unpredictable environment.

Finally, if you will allow me a personal note, I am a mother who relies heavily on PBS. It is a station that I know will offer my three children something more than brain candy. Indeed, I am convinced that Big Bird and Elmo and the gang at "Sesame Street" are responsible for not only teaching my children their A-B-Cs and 1-2-3s but also helping me convince them that cooperation is a win-win situation. The support you give to CPB and PBS translates into support for the parents of America—parents who are trying to do their best to help their children grow into smart, caring, productive young people.

Thank you for giving me this opportunity to meet with you today.

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Mr. TAUZIN. Thank you, Dr. Jordan.

Finally, Mr. Graham, director of Media Analysis Research Center here in Alexandria, Virginia.

Mr. Graham.

STATEMENT OF TIMOTHY GRAHAM

Mr. GRAHAM. Thank you, Mr. Chairman, for allowing me to testify on short notice. It is nice to testify on behalf of the involuntary contributors to PBS as well as a panel of beneficiaries.

For the last 12 years the Media Research Center has studied the problem of liberal bias in the national media. We have over 16,000 tapes of television news programming and provide the public with evidence when national networks have failed to live up to their promises of objectivity and balance. Part of that effort has involved documenting the failure of PBS and NPR news and public affairs programming to live up to their promises, but unlike the other television networks, PBS is instructed by the Public Broadcasting Act of 1967 to provide objectivity and balance in all programming of a controversial nature. The other networks don't break the spirit of this law when they use their own airwaves to favor one political party over another.

We are not here to debate whether the Democrats could offer counterexamples to the hundreds of examples of unfairness to conservatives. Has NPR's Nina Totenberg ever done to Democratic Su-

preme Court nominees what she did to Douglas Ginsburg or Clarence Thomas? Has WGBH's Frontline series ever suggested that a Democratic administration conducted an illegal foreign policy worthy of the suggestive title "High Crimes and Misdemeanors"?

We are not here to debate whether the Democrats could offer many Republican names at the top of PBS or NPR, which have resembled a revolving door of former Democratic partisans from Ervin Duggan and Delano Lewis to Douglas Bennet and Frank Mankiewicz. Contrary to the assertions of some congressional staff, this left-leaning public image of PBS and NPR is not a myth, but an image that is both well-earned and well-documented.

The newest revelations about public broadcasting have only deepened the public image of a PBS-DNC complex. These direct mail deals aren't just an outrage to conservative Americans, but to every American who expects public broadcasting to be a public trust free of partisan manipulation. These revelations expose the systemic failure of congressional and CPB oversight of public broadcasting. How else can we explain that PBS stations have been swapping direct mail names with Democratic fund-raisers back to 1981, almost 20 years, and this is suddenly an entirely new topic to the American people.

This erupting PBS-DNC fund-raising scandal demonstrates what can happen when Congress and the CPB don't do enough to lift the veil of privacy that supposedly public stations draw around their own financial arrangements. Behind our back PBS stations have constructed an indirect form of taxpayer finance campaigns, at least for the Democrats, like Senator Boxer, but the lack of oversight means the taxpayer here has been asked to put up and shut up. If it hadn't been for that 4-year-old fan of Barney and Friends who was asked to donate to the Democrats, this committee would be adding a half billion dollars to the CPB budget without a hearing like this.

This committee's efforts to authorize a substantial increase should be halted until this full-scale investigation can take place. This year's forward appropriation should be put on hold until Congress is satisfied that these list-swapping practices with Democrats and other liberal interest groups as were reported today, Planned Parenthood and so on, have been fully investigated, exposed and halted, and I endorse the idea of a GAO investigation, and I hope—I guess that the IRS is presently investigating, at least in Boston.

While CPB should be expected to probe this matter, Congress should not count on CPB alone for results. In its confused standing as a private corporation that distributes hundreds of millions of tax dollars, CBS does not answer—CPB does not answer to the Freedom of Information Act, and in its current form CPB sees itself as a quote/unquote heat shield protecting the public broadcasting system from the scrutiny of Congress and the people that it represents.

Even the most extreme examples of outrageous content have drawn only inaction from CPB. When Los Angeles public station KFBK a couple of years ago broadcast African Mental Liberation Weekend, which viciously attacked Jews, the president of CPB Richard Carlson said, I believe the problems that would be created by monitoring content—the problems created by doing this are lim-

itless, and I would expect despite their words here today that their investigation of station fund-raising practices would have the same reluctance to jeopardize these stations' standing before congressional appropriators.

In recent days we have heard of the possibility of outlawing public station list-swapping, but if Congress employs that remedy, what will be the punishment? The public outrage of these practices should not be disposed through sterile statutory language with no more legal force than the original mandate for balance in the 1967 Public Broadcasting Act.

Clearly these outrageous stands we have heard, these practices we have heard of today show no fear of congressional or CPB oversight. Boston station WGBH was swapping lists with the Democratic National Committee at the same time that House Speaker Newt Gingrich had pledged to zero out taxpayer funding. Obviously WGBH, when this full story came to light, explicitly lied to Congress and the American people. It was not a one-time misunderstanding but at least a 5-year practice. This is not what we have heard today, errors or stupidity. If it was stupidity, it was decades of stupidity.

Mr. TAUZIN. The gentleman's time has expired. Would the gentleman kindly wrap?

Mr. GRAHAM. Thank you.

I just wanted to say that we hope that Congress would explicitly condemn individual stations for these practices and seek some way either through Congress or through the CPB to punish the individual stations by reducing or eliminating their funds. Thank you, sir.

[The prepared statement of Timothy Graham follows:]

PREPARED STATEMENT OF TIM GRAHAM, DIRECTOR OF MEDIA ANALYSIS, MEDIA RESEARCH CENTER

For the last twelve years, the Media Research Center has studied the problem of liberal bias in the national media. We have over 16,000 videotapes of television news programming and provide the public with evidence when the national networks have failed to live up to their promises of objectivity and balance. Part of that effort has involved documenting the failure of PBS and NPR news and public-affairs programs to live up to their promises. But unlike the other television networks, PBS is instructed by the Public Broadcasting Act of 1967 to provide objectivity and balance in "all programming of a controversial nature." The other networks don't break the spirit of this law when they use their own airwaves to favor one political party over another.

We're not here to debate whether the Democrats could offer counter-examples to the hundreds of examples of unfairness to conservatives. Has NPR's Nina Totenberg ever done to Democratic Supreme Court nominees what she did to Douglas Ginsburg and Clarence Thomas? Has WGBH's "Frontline" series ever suggested that a Democratic administration conducted an illegal foreign policy worthy of the suggestive title 'High Crimes and Misdemeanors'? Why did PBS offer live testimony of hearings on Watergate and Iran-Contra and not the Senate's 1997 hearings of the DNC's Chinese-fundraising scandal?

We're not here to debate whether the Democrats could offer many Republican names at the top of PBS or NPR, which have resembled a revolving door of former Democratic aides, from Ervin Duggan and Delano Lewis to Douglas Bennet and Frank Mankiewicz. Contrary to the assertions of congressional staff, this left-leaning image of PBS and NPR is not a "myth," but an image that is both well-earned and well-documented.

The newest revelations about public broadcasting have only deepened the public image of a PBS-DNC complex. These direct-mail deals aren't just an outrage to conservative Americans, but to every American who expects public broadcasting to be a public trust, free of partisan manipulation. These revelations expose the systemic

failure of congressional and CPB oversight of public broadcasting. How else can we explain that PBS stations have been swapping direct-mail names with Democratic fundraisers for 20 years and it's an entirely new topic?

This erupting PBS-DNC fundraising scandal demonstrates what can happen when Congress and the Corporation for Public Broadcasting have done very little to lift the veil of privacy that supposedly "public" stations draw around their own financial arrangements. Behind our backs, PBS stations have constructed an indirect form of taxpayer-financed campaigns, at least for the Democrats. But the lack of oversight means the taxpayer is asked to put up and shut up.

If it hadn't been for a four-year-old fan of "Barney and Friends" who was asked to donate to the Democrats, this committee would be adding a half-billion dollars to the CPB budget. *This committee's efforts to authorize a substantial increase should be immediately halted until a full-scale investigation can take place. This year's forward appropriation should be put on hold until Congress is satisfied that these list-swapping practices with Democrats and other liberal interest groups have been fully investigated, exposed, and halted.*

While CPB should be expected to probe this matter, Congress should not count on CPB alone for results. In its confused standing as a "private corporation" that distributes billions of tax dollars, CPB does not answer to the Freedom of Information Act. In its current form, CPB sees itself as a "heat shield"—protecting the public broadcasting system from the scrutiny of Congress or the people it represents.

Even the most extreme cases of outrageous content have drawn only inaction from CPB. When Los Angeles public station KPFK for two years in a row broadcast an "Afrikan Mental Liberation Weekend" which viciously attacked Jews, CPB President Richard Carlson declined to actually monitor on-air content: "I believe the problems that would be created by doing this are limitless." I would expect their investigators of station fundraising practices to have the same reluctance to jeopardize the stations' standing before congressional appropriators.

In recent days, we've heard of the possibility that public station list-swapping with political organizations would be explicitly outlawed by Congress. But if Congress employs that remedy, what will be the punishment? *The public outrage at these practices should not be disposed through sterile statutory language with no more legal force than the original mandate for balance in the 1967 Public Broadcasting Act.*

PBS stations clearly have no fear of Congress. Boston station WGBH was swapping lists with the Democratic National Committee at the same time that House Speaker Newt Gingrich had pledged to zero out taxpayer funding. When this new story first came to light, WGBH officials explicitly lied to Congress and the media by citing the list-swapping not as a five-year practice, but as a one-time "misunderstanding." *Congress must explicitly condemn individual stations for these practices and punish them by seeking to reduce or eliminate their federal funding.*

We believe that public broadcasting showcases the worst traits of a public-private enterprise. It mixes billions in public funding with private-sector notions of financial privacy. The recent list-swaps underline yet another way in which public stations are used for private gain. The proper congressional response should be vigorous efforts to insure that public broadcasting is not just a partisan tool, being secretly used as a tax-funded political organizing base.

But that's what it's been for 20 years or more. It's awfully hard to claim PBS liberalism is a "myth" when its supporters are coveted as top money prospects for the Democrats. This is the classic PBS way of doing business: using a nonpartisan, tax-funded operation to feather the Democratic nest, whether it's on-air propaganda or off-air wheeling and dealing.

WGBH, where this expose began, is not just Boston's PBS affiliate. It is a massive commercial enterprise, a flagship of the nation's public broadcasting system. Conservatives know them best for putting out "Frontline," a liberal-tilting documentary series. WGBH is a particularly blatant example of a station that doesn't need tax dollars. It's rolling in corporate and foundation contributions. In his new book, "Masterpiece Theatre and the Politics of Quality," PBS critic Laurence Jarvik notes that WGBH is the largest producer of programs for the PBS system, gets over $10 million annually from Mobil, has a total budget of over $100 million, and gets some 90 percent of its funding from someplace other than CPB.

So why do they need to exchange fundraising lists with the Democrats—and why would they lie? When first confronted by the practice—when a 4-year-old "Barney" fan received a fundraising pitch from the DNC when his mom contributed $40 to WGBH—the station's spokesmen lied. Jeanne Hopkins told The Washington Times, "we have a policy against exchanging names with political or religious groups. This was in violation with our own policy. It was a misunderstanding." But this was not a one-time mistake. The Boston Globe reported that WGBH has been swapping

names with the DNC since 1994. Five years of misunderstandings? More to the point: It began when the station went to the DNC for names, not the other way around.

The current status of CPB funding is especially sad, considering the promises just four years ago that CPB was on a "glide path" to zero federal funding. This seems to happen over and over again. A March 2, 1981 Time magazine article noted that the Reagan administration aimed to reduce the CPB's roughly $160 million budget by 25 percent. While cuts were implemented, the 1995 debate began with the reality that the CPB budget was $285.6 million. "Cuts" don't last.

The CPB remains perhaps the federal government's best example of a program that can't cry it's needy. In the 1980s, public television's total income more than doubled, despite early Reagan budget cuts, from $581 million in 1980 to $1.26 billion in 1990. Such an infusion of money makes it very difficult for public broadcasters to construct doom-laden scenarios of bankruptcy in the face of privatization.

Much of the current CPB appropriation could be made up simply by striking better licensing deals with producers. "Nonprofiteers" are making a mockery of the "noncommercial" nature of PBS. Forbes recently reported that Barney the Dinosaur was the third largest grossing entertainer in the United States, over a billion dollars, and CPB has only raised $1.6 million from the show's producers. The big-dollar beneficiaries actually thrive on the government seal of approval: the Licensing Letter found that in children's TV, PBS shows do better in merchandising than private network shows. "Sesame Street" outmerchandised everything but "Jurassic Park" in 1993. Ironically, that noncommercial patina means big money.

Bill Moyers, who jumped ship to NBC News at a time when his profits could come under scrutiny, has made a small fortune off PBS Home Video royalties, as well as book spinoffs from series like "Healing and the Mind" and (ironically) "The Secret Government." Asked to divulge his profits, Moyers has proclaimed he is an "independent businessman" and doesn't have to comply. For unintentional laughs, one couldn't top Moyers, hosting the show "Project Censored," asking New York Times reporter Tim Weiner with a straight face about the Pentagon: "Did you find that the secrecy...actually increased the possibilities for profiteering and fraud?"

PBS is now a lucrative avenue for intellectual product placement, a Liberal Home Shopping Club. In the summer of 1992, "Listening to America with Bill Moyers" focused two programs on liberal Philadelphia Inquirer reporters Donald Barlett and James Steele. Their book "America: What Went Wrong?" became an immediate paperback best-seller. Rolling Stone writer William Greider, who constantly decries the corrosive effect of money on politics, hosted a two-hour "Frontline" special based on his book "Who Will Tell the People," which also became a best-seller. (His political pull with PBS producers and its cash value were not mentioned in the book). Exposure pays: in the 18 months before he joined the White House staff, "MacNeil-Lehrer NewsHour" commentator David Gergen earned $1 million, mostly from speaking fees. Time on PBS is money, and PBS ought to be getting a much better deal for its valuable national airtime.

But CPB frowns on the idea of private-sector success in public broadcasting, striking savvy deals to offset tax dollars. Minnesota Public Radio raised eyebrows a few years ago by plunking down $12 million for WLOL, a station in the middle of the FM dial. But CPB President Richard Carlson complained about MPR's success with its "Wireless" catalogue, telling The Washington Post: "It's damn hard to go up on the Hill and ask for millions of dollars when they're making millions of dollars off Beethoven T-shirts."

The Republicans' now-forgotten intention to privatize PBS has turned a much-needed spotlight on the public broadcasting elite's arrogance toward congressional oversight and indifference to public complaints. If they refuse to answer the public's demand for answers on their questionable practices, that is an excellent reason why they should be removed from the federal budget, so they can be accountable to no one but themselves, the way they like it.

Mr. TAUZIN. The Chair thanks all of the witnesses.

Let me first recognize myself for the appropriate 5 minutes.

Mr. Graham, I don't disagree with you. I think your recommendations are solid. We are going to have to outlaw this practice. I think there also needs to be sanctions. I am disappointed that the Corporation for Public Broadcasting was not prepared to suggest that sanctions were in order when a station violates its own publicly disclosed policy and then lies about it, or at least discloses only part of the story in an effort to dismiss it. I want to cor-

rect you, however. This committee was not prepared to give another half billion dollars to public broadcasting without appropriate review. We were beginning a markup process in which there was going to be a great deal of discussion as to the appropriate authorization levels, not spending levels which are settled at the Appropriations Committee, and perhaps it is time to straighten that out.

The bill we offer included a 12—less than 12 percent increase in authorization levels from the 1996 authorization, and even that number was very much subject to amendment and discussion by the committee. The disclosure what happened in Boston obviously calls for additional hearings. It is a good reason for us to be doing this today, and the gentleman from California, Mr. Cox, asked for, and we are happy to help him, with additional witnesses on the very subject you, Mr. Lassman, and you, Mr. Graham, have brought to us today.

The question is what is the role of public broadcasting and the CPB in a multimedia era where there are, in fact, many channels of communications that were not available when public broadcasting was first initiated.

Mr. Burns, let me turn to you and ask you to respond to Mr. Lassman. Mr. Lassman has made a strong case that there are, in fact, many outlets for the kind of programming that you yourself produce. And perhaps you can comment on that. Could you have produced the Civil War series for commercial television if you had—would it have been different? Why did you have to—or why did you go to public broadcasting to do it and the other works you have produced for public broadcasting?

Mr. BURNS. That is a very good question, Mr. Chairman. Let me just state categorically there is no other place on the dial that could have produced the Civil War series or any other series. It is true that there are many other outlets now. There have been for as long as I have been making films; the last 25 years there have been other things.

A couple of things. I am working on a film right now on Mark Twain. Mark Twain said, the difference between the right word and almost the right word is the difference between lightning and a lightning bug. Public television to me is that lightning. It is free of commercial interruption. I would suggest that every one within the sound of my voice understands the basic principle that all meaning in our lives accrues in duration. The things that you and I are most proud of, the work we have done, the relationships we have come from our sustained attention, but where else do we find a completely free attention span? For three generations now, more than three generations of commercial television, we have insisted of our children that they be interrupted—and not just our children, but ourselves—that we be interrupted every 8 minutes by 6 or 8 new messages completely unrelated to the——

Mr. TAUZIN. But public television is doing more than that. Public television and radio are doing more and more, advising us more and more that they are being underwritten by corporate sponsors, and the corporate sponsors give us these fine products. They are looking more and more like advertisers; are they not?

I will let you respond, Mr. Lassman.

Go ahead, Mr. Burns.

Mr. BURNS. I agree there has been corporate sponsorship acknowledgments at the beginning and end of programs, but we are not going to the symphony or to Shakespeare to be interrupted by those messages within the content, and that is where PBS has held the line.

Mr. TAUZIN. The big difference is simply that it is an uninterrupted programming?

Mr. BURNS. Among many, many other things. I also feel it is free of the kind of influences that Mr. Duggan suggested to Congressman Largent; that the variety, the patchwork quilt of funding, not just government, but private foundations, individuals, and corporations, that insulates us from the kind of influence and interference that we feel and I have felt every time I have moved outside of this oasis.

Mr. TAUZIN. Mr. Graham would argue that there are some influences influencing the course of NPR and public broadcasting in general, and that they are not necessarily always wholesome.

Mr. GRAHAM. I think Mr. Largent's videotape showed that this is what we have in the system. That is not something that I think we would all sit our children down to watch. This is the sort of thing where Mr. Markey suggests that our—he listed all the Jerry Springer programs. If we listed what PBS broadcast a couple of weeks ago during Gay Pride Week, Sunday, Monday, Tuesday, Wednesday, Point of View, they had a list of gay rights liberation celebration programming, and it is funded explicitly by the Government of the United States through the National Endowment of the Arts and other Federal agencies.

Mr. TAUZIN. Mr. Lassman, you want to respond. You all can respond. Go ahead.

Mr. LASSMAN. Mr. Chairman, I have two very quick points. I think this is a very serious issue that Mr. Burns is raising. I will draw your attention to the fact that I got caught, and much like many of you several weeks ago, I sat down for the entire afternoon and watched the World Cup. I was caught up in the hysteria. I was caught up in the excitement. It was wonderful. There weren't commercials. It was on broadcast television. At the top of the program, occasionally during the middle of the program, there were announcements of who the underwriters were.

My second point is much more serious, and I don't want to try and outquote Mr. Burns on Thomas Jefferson, but it was Jefferson who taught us that the enduring wisdom of America is held in its people's hearts. And I for one think that people can decide for themself. They know whether they are being tricked. And it is not a matter of commercialism. It is other sources of funding. Thank you for the time.

Mr. TAUZIN. Ms. Jordan wanted to respond.

Ms. JORDAN. I also want to talk about the commercial influence on children's television. The kinds of shows that one sees on public broadcasting versus commercial broadcast stations are qualitatively very different in part because of economic disincentives for educational programming on commercial broadcast stations. We have seen through research that in the absence of regulations like the Children'S Television Act and the 3-hour rule, educational programming for children disappears because by definition, edu-

cational programs for children have smaller audiences. They need to be more narrowly targeted, and advertisers don't like that. They also don't like to have programs that don't have toys or other products associated with them. So we see a much greater diversity and a much narrower age targeting of programs on PBS for children.

Mr. TAUZIN. Mr. Markey?

Mr. MARKEY. Thank you, Mr. Chairman, very much. You know, I am just going to make a few observations, Mr. Chairman. First of all, Mr. Lassman, in soccer there are no time-outs, you see. So if they put on commercials, you would be interrupting the game, but at half-time, they made up for it. You got a lot of commercials at half-time in the soccer match. So it is just a little bit different sport, and as Americans, we are just getting used to the fact that soccer just breaks into two 45-minute halves. And I never knew this either, but we will just have to adjust the way we think about commercials, but they make up for it before and after and in the middle of the game. They do put ads up in the middle of the screen right up there in the corner. They were keeping it going right throughout the game.

You know, Mr. Graham, here is the thing. I know you are just going down this litany of Democrats, but I would have sworn that Richard Carlson, Republican, was the chairman of CPB for 7 years. Mr. Coonrod replaced him. He was a good man. I know he ran for mayor of San Diego as a Republican, and I know his son, Tucker Carlson, is on CNN almost every day, and he is a good man. But we were able to work with Mr. Carlson. I thought that he was a very good representative of the Corporation for Public Broadcasting for all those years.

And I know that you don't want to mention the fact that William F. Buckley has his own show on public broadcasting, or Wall Street Week, which I really don't think you could call a liberal Democratic program or even—and it probably disappointed you a little bit that, you know, Mr. Burns here and his baseball series balanced out Mario Cuomo by also having George F. Will on as an expert.

But nonetheless, I think when you look through the totality of the programming, especially if you look at the children's programming from early in the morning until 6 at night, you are hard-pressed really. I am sure there are isolated instances that tick people off, by the way, on both sides, not one. But on the totality of the programming, I think people just think of it as high-quality science, art, news, children's programming, with a little bit of stuff once in a while that ticks people off. But they don't want this thing cut. They don't want it eliminated. They don't want Big Bird put out there and fried on a skillet and left to fend for themselves in the open market. I don't think that is what this is all about.

You know, maybe you guys don't remember the history of this, but the Federal Communications Commission back in 1983 took all the rules off the books that said that commercial broadcasters had to have children's programming every week, and you know what happened once the free market was able to determine whether or not they were going to put on any educational programming for children? They just dropped it for the most part. They said, we just can't make money doing this. We can't pull this off. And so in 1990, this committee and the Congress, we had to pass another law, the

Children'S Television Act, that ultimately has been implemented to say that each commercial station has to put on 3 hours a week. Remember, PBS has on about 12 hours a day, not the 3 hours a week, and they do it under a Federal mandate; that is, the commercial broadcasters.

And in addition, again I have to keep coming back to this point, we agree there is a lot of great children's programming on cable. Nickelodeon's great. Discovery is great. But 35 percent of the children in America live in homes that do not have cable. Moreover, those children tend to skew much younger and poorer than the children in middle-class and upper-middle-class America. As we reach a day when the industrial age is ending and the information age, the new economy is unfolding, it is clear that as a counterpart to voting for GATT and NAFTA and this global trade which quickly erodes the older industrial base in our country, that we have a responsibility to ensure that we are giving every child, regardless of income, regardless of ethnicity, access to the skill set that helps to democratize access to information and job skills and jobs ultimately in this new economy.

That is what PBS is all about. It is recognizing that the bottom third may not have as much access to this cornucopia of programming, excellent as it may be, which is on cable, but just not affordable for many Americans.

So, you know, when you are making your presentation, whether it be Democrat/Republican, or liberal/conservative or cable versus broadcast, you have to make these distinctions. You have to be clear that you are presenting the totality of the programming and the access to it, because I love William F. Buckley, and I love Ruckheyser, and I love all of that. I have watched it since I was a boy, and I have learned from it, but I don't believe in any way that my mind was poisoned because I heard a different point of view that my mother or father were giving me, which were hardcore blue-collar Democrats. It just exposed me to other ideas. But my fundamental grounding ultimately, the educational basis, the base that my parents had given me, allowed me to understand this larger context, this larger world that was being created on PBS for free, for the children of the blue-collar and the poor in America.

So I just make that again as a statement, Mr. Chairman, and I hate to get up here and keep doing that, but we have got to set the right context so that people understand what this debate is really all about. Thank you.

Mr. TAUZIN. The gentleman's statement time has expired.

Mr. SAWYER. What happened to I Love Lucy?

Mr. TAUZIN. The Chair will allow any witness who wishes to respond briefly, and then I have to move on.

Mr. GRAHAM. Mr. Markey, the reason my statement said we weren't here to debate this, because if we were here to debate this, we would be here for a long time.

Mr. MARKEY. But like Cicero, you raise all of the complaints and said, of course I will never raise these issues, and you leave it out here unanswered.

Mr. GRAHAM. This is a concern which conservative taxpayers do not feel they get the time——

Mr. TAUZIN. The gentleman's time has expired.

Mr. MARKEY. Brother Earl told me never allow a Ciceronian presentation to go unanswered.

Mr. TAUZIN. The gentleman's time has expired. The Chair has been trying to be generous and allow the witnesses to respond to him, but we can't get into this, or we can't move on.

Any other gentleman or the lady wishes to respond to Mr. Markey?

Mr. GRAHAM. I simply disagree with his statement. That is the whole issue. It is not just the bias and the content, but the bias now that is represented by WGBH trading lists with the Democrats. What it shows you naturally here is that the public, the audience of PBS, the donors of PBS are a naturally liberal audience. As the Congressman from Wyoming pointed out, we have no idea who these Republican groups are that supposedly are trading lists with WETA, but we know these audiences are natural fund-raising targets for liberal organizations. It just proves to you that liberal garbage out, liberal garbage in.

Mr. TAUZIN. Mr. Lassman you want to make a final comment? Anyone else?

Mr. Burns for five.

Mr. MARKEY. That is a Pat Buchanan characterization that Bob Dole is a liberal.

Mr. BURNS. Mr. Chairman, I have been involved in public television for 20 years, and for 20 years I have lived in the conservative State of New Hampshire. I have not seen the evidence of the vast conspiracy that Mr. Graham has described today. In fact, I have seen in many instances the opposite, not just the many fine programs that Congressman Markey mentioned, but a general sense among many of my colleagues in the filmmaking community that PBS is a rather conservative institution that is afraid of the kind of new ideas that I agree completely with Mr. Markey that any public debate, particularly in a free country, ought to be not only tolerant of but welcoming of.

Mr. TAUZIN. The Chair will recognize the gentleman from Oklahoma for questions. Mr. Largent.

Mr. LARGENT. I would like to say at the beginning of my comments by saying I am a fan and consumer of your product. It is a very good one. I appreciate it.

Mr. BURNS. My daughters thank you as well.

Mr. LARGENT. But I want to ask you some questions about your testimony, because one of the things that you said is that, first of all, you said you didn't think that you could have produced a Civil War documentary any other way than the way you in fact did. And yet also in your testimony, you said it was the most widely viewed PBS series in history. That doesn't seem to make sense because advertising dollars follow the consumers.

Mr. BURNS. I think in some ways they have reacted to the success of the Civil War and have now gone to places—not just to public television where, of course, history has grown leaps and bounds in the last two decades, but they have gone to other outlets. I would suggest that many of these fares are thin, and because they are interrupted by commercials, less effective than the Civil War.

I think the Civil War was successful for a number of reasons not the least of which is that this is the great trauma in the childhood

of the Nation, and we all stopped for a second to consider who we were. But I think it was the public television environment. I couldn't get anyone to even listen to me for the years it took me to produce that film, or indeed the 7 or 8 documentaries I made before that. I couldn't even get in the door.

Mr. LARGENT. But you wouldn't have that same problem today.

Mr. BURNS. No, but I would not be my own master. What public television is not is this vast Federal monolithic thing imposing a Federal view of how Americans should see themselves on TV, but the sum total of all the programming. What public television allowed me to be was myself; that is to say unfettered by some producer who is going to say make it sexier, make it longer, make it shorter, make it less violent, make it more violent.

Mr. LARGENT. Let me ask you this question. It didn't appear that General Motors fettered you at all, and they underwrote Civil War, didn't they?

Mr. BURNS. They provided approximately 30 percent of the budget.

Mr. LARGENT. Did you feel fettered?

Mr. BURNS. Not at all.

Mr. LARGENT. Why not?

Mr. BURNS. Because the way public television is set up by its business affairs practices prevents General Motors, indeed any underwriter, from affecting the content. But that is not true once you have entered into the commercial realm where a sponsor—as you know, through the long history of television, sponsors have exerted tremendous pressure in every way, and we have a phrase in film making which we call LCD, lowest common denominator. The reason why I am in public television and will stay in public television for as long as it is public television is because we do not pander to the lowest common denominator, and that, at the end of the day, allows me to do the kind of work that I think reaches you. If I had gone another route, I don't think you would have seen the same quality thing. I don't think you would have felt it or been obliged to come back or to comment favorably.

Mr. LARGENT. Let me follow up with that and say what I am trying to do is enhance public television, but not doing it on the backs of taxpayers, and I think there is a way to do that. There is a middle road, I think, that we can find here that doesn't interrupt programming, which is a convenience and is an issue, but at the same time takes the attractiveness of programs that you do and others and fuses some commercial dollars without the LCD factor thrown in there.

Mr. Lassman, you had a comment?

Mr. LASSMAN. Mr. Largent, I would ask you to imagine with me a private setting, not a commercial setting, but a private setting, just as my home is private. It is not a commercial place to go. And public broadcasting in America can become something of a United Way, collecting and raising and distributing private funds. The difference is that a United Way doesn't rely on taxpayer dollars and that Good Housekeeping stamp of approval that says to General Motor,s this is a quality product, it will meet its deadlines. We have some oversight that can still be done in a private way, and that middle ground, I encourage you to seek it out.

Mr. LARGENT. Well, that is a good analogy, but it is not entirely true. Having served with United Way for a number of years, that is not an exactly accurate picture of what takes place.

Mr. Chairman, if I could just have a little more time here.

Mr. TAUZIN. Without objection, so ordered.

Mr. LARGENT. Mr. Burns, I guess I just wanted to conclude by saying that, you know, there is a strong support across the aisle, both sides of the aisle, for, Corporation of Public Broadcasting, but we are looking to try to find a way to enhance the product without just simply increasing taxpayer subsidization of that, and I think at the end of the day we might be able to find that middle road, and I would encourage you to help us through that process.

With that I would just would yield back my time, Mr. Chairman.

Mr. BURNS. Mr. Largent, I would love to be involved and feel that I am involved in that conversation, in that working out, in that debate, but I really wanted to stress again that this is really a unique system, and while 14 percent of the public television's budget comes from the Federal Government, a great deal more of my budgets do, and I would not be able to make the films without that kind of support.

Mr. TAUZIN. The gentleman's time has expired.

The gentleman from Michigan Mr. Dingell is recognized.

Mr. DINGELL. Thank you, Mr. Chairman.

Mr. Graham, I enjoyed your comments very much, and I wanted to thank you for them. I particularly noted your comments seem to indicate a great deal of outrage at the fact that the lists were traded or sold. Is that correct?

Mr. GRAHAM. That would be our understanding.

Mr. DINGELL. And you also expressed a great deal of outrage that they were traded with Democratic organizations. Is that right?

Mr. GRAHAM. In this case, the Democratic National Committee. The Republican organizations were still waiting to figure out if they exist.

Mr. DINGELL. I noted that Mr. Dole, his committee, was one which exchanged lists. How do you feel about that?

Mr. GRAHAM. If I am not mistaken, Mr. Dingell, the Dole search happened after the Boston Globe story in May. That is my present understanding.

Mr. DINGELL. Let's just understand. You either are outraged that Mr. Dole exchanged lists with public broadcasting, or you are not. Which is the case?

Mr. GRAHAM. What I am saying to you is that if this list was offered to your average conservative fund-raiser, they would not exchange it, because it is not a lucrative list for a conservative fund-raiser.

Mr. DINGELL. It just said—I just note that Mr. Dole's campaign exchanged lists. Bob Viguerie fund-raiser superfile. Are you outraged about them exchanging lists? Conservative Republican superfile exchange, golden age Republicans exchanged lists, Republican Party builders exchanged lists, and great American donors. I assume you are not outraged about them?

Mr. GRAHAM. I am familiar with Mr. Viguerie. I am not familiar with any of the others, so I can't tell you whether those organizations, whether they have the Republican in the title are actually

conservative fund-raisers or not. The point being that this is a practice——

Mr. DINGELL. Are you outraged if those groups exchanged lists with public broadcasting, or are you not?

Mr. GRAHAM. I am saying yes.

Mr. DINGELL. You are. Up until now, I got the impression that your outrage was the fact that there had been exchanges with Democrats.

Mr. GRAHAM. It is my understanding that the Republican National Committee has exchanged no list. You found in your questioning earlier there were no major Republican organizations keeping——

Mr. DINGELL. Please keep your red herrings at the committee table. I am talking about——

Mr. TAUZIN. The gentleman controls the time. Mr. Dingell knows how to control the time. The gentleman Mr. Dingell has the time.

Mr. DINGELL. Thank you.

Can you tell us whether you are outraged about these lists being exchanged with these groups that I have just mentioned?

Mr. GRAHAM. I said that I believe it is wrong for public broadcasting to switch its lists with any partisan organization. What I am also saying is——

Mr. DINGELL. All right. Now let's talk about you. Do you exchange your lists with partisan organizations?

Mr. GRAHAM. I imagine that our organization relying on direct mail would do list exchanges, but not with Federal agencies or audiences of Federal television.

Mr. DINGELL. You're a 503(-c), are you?

Mr. GRAHAM. Right.

Mr. DINGELL. That means that you are tax-exempt?

Mr. GRAHAM. Yes.

Mr. DINGELL. And not only are your activities tax-exempt, but your donors' contributions are tax-exempt?

Mr. GRAHAM. Correct.

Mr. DINGELL. So you are outraged about the fact that CPB gets a subsidy from the Federal Government. You get a subsidy from the Federal Government, too, by being tax-exempt.

Mr. GRAHAM. I pay taxes.

Mr. DINGELL. Are you outraged about that?

Mr. GRAHAM. I am outraged that I pay taxes that goes to WGBH, who trades lists with the Democrats. There is a difference between conservative groups trading lists with each other and federally subsidized stations doing it with the Democrats. There is a difference.

Mr. DINGELL. But they traded—I note here that they traded with Dole. Now, Mr. Dole, if my memory serves me correctly, was a Republican candidate for President. Bob Viguerie is a well-known conservative Republican, conservative Republican superfile. Now, it may perhaps be that you should be outraged that the country club Republicans have been exchanged. And the golden age Republicans, they obviously are dupes of the liberal fronts. But it seems to me that there is a dichotomy in your statements that I am having a hard time understanding.

Now, if I were to make a contribution, a tax-exempt one of $75, according to your Web sites, I would receive, amongst other things,

a bumper stick that declares John Dingell to be, and I quote, a proud member of the vast right-wing conspiracy; is that correct?

Mr. GRAHAM. That is correct.

Mr. TAUZIN. The gentleman's time has expired. He asked for an additional minute. Without objection so ordered.

Mr. GRAHAM. And he may join the conspiracy.

Mr. DINGELL. Could you tell me whether that is a political statement?

Mr. GRAHAM. That is a political statement.

Mr. DINGELL. Political statement. And it is subsidized by taxpayer dollars by making you tax-exempt.

Mr. GRAHAM. Yes. I am not exchanging a list with WGBH.

Mr. DINGELL. You have indicated earlier that you objected strongly to the fact that CPB should be tax-exempt.

Mr. GRAHAM. I think what we said—I think what I said in my statement was that CPB needs to do a better job of accounting for these sorts of activities. I don't think I referred necessarily to the tax exemption of CPB. I did complain about the Freedom of Information Act exemption that they seem to have.

Mr. DINGELL. I see.

Mr. Chairman, you have been most kind. It has been a most enlightening discussion. I want to thank Mr. Graham for clarifying his position and for certain continued obfuscations. Thank you.

Mr. TAUZIN. I hope you get your bumper sticker. It might explain why Bob Dole lost. He bought the wrong list.

The gentlelady Mrs. Cubin is recognized.

Mrs. CUBIN. Thank you, Mr. Chairman. I find myself in a very difficult position on this issue, and I guess it wouldn't be an issue if there weren't multiple sides.

Let me tell you what I think about this and ask for some answers and some help. I think most of you probably heard Heather Wilson's opening statement about the situation between the geographics and the demographics in rural areas, particularly in areas where there are a high level of poverty in Indian reservations and so on, and the access to television through the cable and through satellites, and some places that public television is the only thing that is available. My district is very much like Mrs. Wilson's, only more rural. And so I really accept the need for something like—or for PBS.

I agree that what's available for arts and culture and education for children has changed since 1967, though, and like Mr. Largent said, I am not sure that there isn't a better way to expand it. But the concern that I have, while we can look at the goods of this type—good qualities, I should say, of this type of broadcasting when there are abuses, and I absolutely believe there have been abuses, then it is bad, and it jeopardizes the entire system, just as it has right now, with people sitting here wondering what the Congress is going to do and you know, some of those abuses.

With all due respect to Dr. Jordan, her testimony stated that her studies or that their studies showed that children's educational programs for PBS was age-specific and appropriate, and that there was not inappropriate sexual content, but when I saw the video that Representative Largent showed us, I have to tell you I don't think that it was age-specific for 5- and 6- and 7-year-olds to be

hearing about the gay lifestyle, and I don't think that it is appropriate sexual content when they are talking about a soccer ball, and I bet those poor kids had no idea what gay even meant.

So there are abuses. Obviously another abuse is—at least in my opinion—is the political trading of these lists. Whether it is Republican or whether it is Democrat, I don't care. I have trouble viewing the DNC as equivalent to any of the organizations that were named that received or that traded lists. So I want to preserve the access to areas, especially rural and poor areas. I want to preserve the type of programming that you, Mr. Burns, talked about, uninterrupted and unfettered by someone else in what you do. I think there is definitely a role for them and a place for that in this country today. I am not sure it is the structure that we currently operate under.

My opinion is we need to smack the heck out of people—not out of people, but those stations. We need to smack the heck out of the ones who have abused this, whether it is the people who put on the programming like the video that we saw, or whether it is the stations that traded lists, and I want to ask you, Mr. Graham, what kind of punishments should there be for those? Because I see that as protecting the system in the first place and also respecting the opinions of people who have a different opinion than what I agree to be the liberal bias of the public broadcasting system.

Mr. GRAHAM. Sure. And I think it is important to sort of address Mr. Markey's idea that conservatives complaining about liberal bias are somehow afraid of liberalism. I think really what they are saying, if there is going to be a diverse channel, that we would see more conservative voices. And they always bring up Firing Line at 2 on a Saturday afternoon, which really isn't even on the direct feed, and compare it to their blockbuster programs like WGBH.

I think that, as Mr. Oxley pointed out today, these stations that we are talking about smacking the heck out of are the most successful, largest public television stations in the country. WETA in Washington, WGBH in Boston, WNET in New York, these are—they produce the majority of the programming that people see, and so—and they are the ones that probably are the ones that are least needy when it comes to the Federal appropriation.

But it seems to me that the only way we can reach through this system is to say CPB awards these people Federal funds through community service grants, et cetera? I don't know. We have a system right now where there is not a direct appropriation from Congress to the station. There is an appropriation to CPB. CPB appropriates to the stations, and as I said earlier in my testimony, you can have a raving wake of antisemitism, and the funding for these specific stations has stayed the same because how can Congress—Congress can't do anything about that.

That is what Ken Burns wants. He wants a system where he wants to be the master, and the American people who pay for it aren't the master. They have no say over what programming goes on television, and I think—so there has to be an investigation, and there has to be some sort of way we can punish the individual stations through the funding mechanism. I don't know if there is any way it can be done in the present system. That is the problem that we are addressing in testimony.

Mrs. CUBIN. I have to say that what I feel, I think, the worst about is rather than CPB saying, this is wrong, here's what we are going to do about it, and we are going to do something, that the supporters seem to say it is okay, or because the service is so good, the service that is provided is so good, that the tactics are okay. I don't think that is true.

Mr. TAUZIN. The gentlelady's time has expired. Any witness that wants to respond to her may do so.

Mr. LASSMAN. Thank you, Mr. Chairman.

Mrs. Cubin, what I have heard today, especially in your last comment, is broad consensus on ends. Many of us agree on the programing for what it may be, that it should be out there. We differ on the means. And we have talked specifically about the means through a funding process. I want to challenge you to think with me about a means in a different way, and rather than proposing public policy to fix it, and rather than going forward and making some sort of new policy in this committee and in this Congress, it is possible to lift things off and to pull back, and I recommend to you to get very involved in the work that comes before this committee on data transfer and more the telecommunications side of things.

Broadcast technologies are more than 100 years old. Satellite, direct satellite, cable, telephone wires, the electrical grid, cable, again these technologies can deliver voice. They can deliver video. They can deliver sound, everything. And what we are talking about on the other half of this committee, subcommittee, is how do we move regulations off of the firms that want to come in and provide service. It is not just broadcasters.

Mr. TAUZIN. The Chair now is pleased to welcome the gentleman from Ohio Mr. Sawyer for a round of questions.

Mr. SAWYER. Thank you, Mr. Chairman.

I have to tell you I have enjoyed the exchange. I can't say that I agree with you, Mr. Graham, but you bring a vitality to this discussion that is healthy, and I think it is good that you and Mr. Markey had the opportunity to share with one another as you did.

Let me ask Mr. Burns to comment on one of your concerns that you expressed in your last comments, and that was that Ken Burns wants to be the master, as though this was a negative desire, something that would be damaging to the quality of product that the public is exposed to. Would you care to comment on that, Mr. Burns?

Mr. BURNS. I was just trying to express as a craftsman, as an artist, how one would want to do one's work. But I think you also have to realize that we submit to rigorous oversights in all of these projects, oversight that is never required in any marketplace situation that I know of. That is the oversight of historical consultants. I get a good deal of my funding, or have until funding was severely cut back, from the National Endowment of Humanities, which required rigorous proposals.

I am currently working on a history of jazz. The proposal went to 400 pages, and they have given us for our Civil War series 30 percent of our budget. Now it is about 6 percent of our budget, but we were willing to submit our entire project to those kinds of historical scholarly controls. We work with other artists, other writers

that influence that. But at the end I wanted to be free of those kind of mercantile decisions that seem to always leave one with a bad taste, of length, of sexiness, of violence, of commercial interruptions, all of those sorts of things, and I have stepped out, I have moved and explored opportunities in other realms and have come back instantly to public television as literally an oasis where I can do the work that I want to do.

And this sort of sense—we are the sum total of all of the programs that we have made, not the mistakes of a few people, and I agree with everyone here, this is a terrible mistake, but the public trust has invested in the quality of those programs.

Let me just repeat, this is the best children's programming. What could be more important? The best children's programming among hundreds of channels. This is the best news and public affairs, balanced. Everyone would agree, from CEOs to farmers in the Midwest. This is the best history, the best science. These are the high-rated programs. The program, Mrs. Cubin, that you brought up that Representative Largent showed is not, in fact, a public-television-sponsored program, from what I understand, and I am more worried about my daughters being exposed to the much more outrageous issues than that one finds daily in the kind of listing of programs that Congressman Markey brought up in his opening remarks many hours ago.

Mr. SAWYER. Let me just make an observation, Mr. Chairman. We keep talking about the great asset of public television being its quality, and it has produced quality. But it seems to me that the greatest asset that it brings over the last 30 years has been the capacity to experiment, to let people who are indeed, to the degree that they can, be their own master, bring their product, and let it compete in an environment where being free of commercial interruption is nice, but being free of commercial pressure is critical. And it is the ability to bring to a viewership, that may not have been yet developed and proven in the marketplace, a product that will develop that audience. It is as much as anything a freedom to fail in that environment, to fail in the commercial environment—in a test of audience as it is to succeed with it. The freedom to fail just does not exist in the commercial environment. You make money or die.

Mr. BURNS. If I may respond, this is a system that is very much like our Federal and our public political system. I think today we have been dealing with the tensions between States rights and the Federal, how much control these guys have over all of those individual States. But it also reflects us, and so it is necessarily going to reflect some of us at different extremes, at different times and be abhorrent, perhaps, to some of us at different times or turn us off at different times or make us angry. But for the most part I have noticed in 25 years of being very much involved but utterly independent from this system that it is reflecting us in all our diversity.

Henry Adams said in the middle of the 19th century, there are grave doubts at the hugeness of the land and whether one government can comprehend the whole. It is a great anxiety that has come down to us in this late 20th century, too, and I feel that there

are very few institutions that are able to if not comprehend the whole, that make a good attempt to do that.

And it sometimes fails. I agree, Congresswoman, and that is part of it. I think the ability to fail is built into that system, just as it is into our political system, but that is our strength.

This is a system that 80 percent of Americans tune into at least once every month. It is supported by 70 percent of Republicans and 80 percent of independents and 90 percent of Democrats. There is just a few of us, Mr. Graham included, that don't find value in this system, and that is a wonderful thing, and I love the fact that my public television is a complicated and diverse mirror of who we all are.

And, yeah, we will make mistakes, just as we all do in the political process here, but we are out front here. We are saying, boy, we made a mistake here, but judge us by the quality of those programs and free us, liberate us, from the tyranny of this perpetual fund-raising nightmare that leads us down these ridiculous alleys and makes the kind of mistakes that these people have so clearly made.

Mr. SAWYER. Thank you, Mr. Chairman.

Mr. TAUZIN. The gentleman's time has expired. The Chair will take a little liberty as we wrap up the session today, and I will invite any other comments the members want to make. First I want to recognize the vice chairman of the full committee Mr. Gillmor, who is present, and I want to acknowledge his presence with us today.

First of all, we are dealing in a free-speech society with an institution that receives Federal funds to speak to us, Federal taxpayer dollars, not dollars surrendered voluntarily, surrendered under an extraction system called the IRS and brought here to Washington and spent to speak to us. It is because public broadcasting has that special role in a free-speech society that it comes under all these kinds of tensions, I think. Is it speaking to us in a way that is objective? Is it speaking to us in a way that is unbiased? Is it speaking to us in a way that is uncompromised by the political processes that might compromise it from the right or the left? And the trust that Americans have that public broadcasting does so, Mr. Burns, in all the eloquent ways that you have described that it ought to and very often does speak to us, the trust that it will continue to do so is literally on the table before us today, and it has been damaged. It is like a patient who had been bleeding for a little while, and I suspect until this investigation is over, there will be more blood spilled as we find out that not 53 stations, but 60 and 70 and perhaps a heck of a lot more have been guilty of trading the names of its subscribers away to others to use for political purposes or what have you.

When we began the process of reauthorization, Mr. Markey and I had hoped that we could have a full discussion of public broadcast reform. We hoped we could really engage the Congress into deciding which of the schizophrenic type of approaches we have taken to public broadcasting was the correct one, whether we ought to fund it more and make it less commercial, or whether we ought to free it for more Federal funding and let it go its own way, as some of you have suggested.

In the context of those reforms, we talked about the possibility of a trust fund set up somehow that public broadcast viewers would not be constantly seeing advertisements, that public broadcasters would not constantly have to try to imitate commercial broadcasters in their programs. It wouldn't be competing against commercial broadcasters for advertiser dollars or commercially viable products in the marketplace. It quickly became apparent to us that the commercial television world nor the public television advocates were prepared for that discussion.

It is important we talk about the commercial television world in that discussion. The commercial television world is being told by Mr. Markey in his 1990 act to do some public things. Educational television. It is as though we don't have public broadcasting doing it. We need the commercial world doing it, too, under public mandate, determined on a quality basis. And so we had hoped to have that discussion, whether it was really the role of commercial broadcasters to do that business, or really was it the role of public broadcasting; and if it was the role of public broadcasting, could we allow public broadcasting to become more and more commercialized and less and less what it was intended to be. We are not going to obviously have that full discussion, but we are going to obviously have some discussion as we move this process forward.

My intention initially was to bring out a simple reauthorization bill, to define the maximum limits in the reauthorization bill of what Congress could appropriate to public broadcasting. Not to appropriate. I make that clear, Mr. Graham; define the maximum limits. That was all we were going to do, and this committee was going to settle where those maximum limits were. We started with the request of Public Broadcasting Corporation. We started with their request, and we suspected that request would come under some very good and useful and productive debate. We would end up passing a reauthorization bill, the likes of which we had passed in 1996, which would set some limits for the appropriators to go forward. We thought it was critical to do it because public broadcasting faces the same challenge that commercial broadcasters face in migrating into a digital world, and what are they going to look like in a digital world? Can they multicast? Will they be permitted to multicast or simply pass through programming? We thought it important to begin that debate.

And then this scandal erupts of public broadcast stations engaged in the process of trading away the confidential names and addresses and heaven knows what other personal information about their subscribers to anyone, Mr. Graham, anyone and several consequences enter into that.

One, let me suggest to all of you who are here who were part of the first panel and may still be representing the first panel. I don't think this committee is going to report a bill that says you can sell or exchange your lists to anybody other than political people. I think it is going to say, stop selling or exchanging your lists. So get ready for that. I don't think this committee is going to likely say that we are not going to punish all the public broadcasting for the sins of a few or of the many who may end up being guilty, but we are going to let those people go free, too. I think there is going to be some sanctions imposed somewhere in here, and think there is

going to be some very clear language about what public broadcasting can and cannot do when it comes to associating with political parties, if that isn't clear enough already.

I suspect Mr. Stearns' idea of some sort of watchdog public interest body to make sure that public broadcasting stays within the channels of its mandate, that it doesn't, in fact, become an arm, a vessel or a microphone for any political party or interest in this country is probably going to happen, something in the legislation. And I should think we are going to have a debate, as Mr. Largent has pointed out, as to whether or not we are going to move to more commercialization or less commercialization, as to whether or not we let public broadcasting depend less on Federal funds and more on commercial dollars, and what effect that has on public broadcasting.

So we are in for a series of pretty interesting debates now, and maybe that is good. Maybe that is timely. Maybe it is about time it happens. In that regard, we are going to have another hearing in which we are going to invite people who present programming like public broadcasting to come and tell us their story about what they are doing in this modern age, and how they can reach kids with educational programs, and what they are doing to inform and educate and render the kind of cultural statements that we ought to be rendering about ourselves if we are going to understand the whole of our society, as Mr. Burns pointed out.

So we are going to hear the counterclaims, and then we are going to begin a good debate, and this committee will make hopefully some good decisions. I don't know how it is going to turn out, but I invite you all, I particularly invite the commercial broadcast community if you are within my ear range, cable interests, all of you to be thinking about your particular role in this exercise. If we tell public broadcasting you no longer depend upon Federal funds at some point, you are on your own, then what will we require of commercial broadcasters and cable companies when it comes to educational programs, for example? If we tell public broadcasting, you no longer rely upon Federal funds, will we have any right to tell them to quit trading the names of their citizens to anybody or to conduct themselves in a way that is bipartisan or not biased? Do we take us down that trip, that road, and do we like the result?

There will be some good discussions, and to the extent that you have helped us and started us along that path, I want to thank you all today. We appreciate your testimony.

Any final comments by any other members? The hearing stands adjourned.

[Whereupon, at 3:45 p.m., the subcommittee was adjourned, subject to the call of the Chair.]

[Additional material submitted for the record follows:]

CORPORATION FOR PUBLIC BROADCASTING

MEMBERSHIP/DONOR LISTS
WITH
POLITICAL ORGANIZATIONS

AUDIT ASSIGNMENT NO. SR99-07

REPORT NO. 902

SEPTEMBER 8, 1999

This report contains the findings that the Office of Inspector General has developed and various corrective actions which should be considered. This report represents the opinion of the OIG and findings contained in this report do not necessarily represent the final CPB or Congressional position. Final determinations on matters in this report will be made by appropriate CPB and or Congressional officials, in accordance with established procedures.

KENNETH A. KONZ
Inspector General

CORPORATION FOR PUBLIC BROADCASTING

Kenneth A. Konz
Inspector General

September 8, 1999

MEMORANDUM

SUBJECT: Special Report on the OIG Inquiry into Rentals and Exchanges of Membership/Donor Lists between Public Broadcasting Stations and Political Organizations, Special Assignment No. SR99-07, Report No. 902.

FROM: Kenneth Konz
Inspector General

TO: Robert Coonrod, President & CEO
Kathleen Cox, Senior Vice President, Policy, General Counsel & Corporate Secretary

Attached you will find a copy of the subject report. This report contains the findings that describe the problems that the Office of Inspector General identified during the course of their inquiry. This report represents the opinion of the OIG and findings contained in this report do not necessarily represent the final CPB position.

Final determinations on matters in this report will be made by CPB officials in accordance with established CPB audit resolution procedures. In accordance with these procedures, you, as the action officials, are required to provide us with a written response to the findings and recommendations within 90 days of the final report date. For corrective actions planned but not completed by the response date, reference to specific milestone dates for planned implementation of corrective action will be necessary to resolve this report.

The Office of Inspector General has no objective to the further release of this report to the public. If you have any further Questions regarding matters discussed in this report, please do not hesitate to contact me at x9660 at your convenience.

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EXECUTIVE SUMMARY

INTRODUCTION

The Office of Inspector General (OIG) performed a special review of rentals and/or exchanges of membership/donor lists between public broadcasting stations and political organizations. Because many public broadcasters are funded at least in part by Federal tax dollars, questions were raised by Congress regarding the extent and propriety of such exchanges and the adequacy of privacy protection for members and other contributors. This review was undertaken to provide members of Congress, as well as the Corporation for Public Broadcasting's (CPB) Board of Directors and management with more comprehensive information on public broadcasting stations' mail list activities.

BACKGROUND

CPB promotes noncommercial public telecommunications services (television, radio, online, and digital) for the American people. It provides financial support and a variety of services to more than 1,000 public television and radio stations nationwide. Such support helps guarantee universal access to public broadcasting's educational services and programming, and ensures that stations can exchange program materials through a national system of interconnection.

The U.S. Congress appropriates federal tax dollars to CPB through the Treasury's Public Broadcasting Fund. The funds are to be used by the Corporation in a prudent and financially responsible manner, solely for its grants, contracts, and administrative costs.

CPB statutes require a fixed percentage of its appropriation be utilized for direct grants to public broadcasting stations. Each year, CPB makes more than 500-station support type grants to the more than 1,000 public television and radio stations which broadcast noncommercial programs to the public.

In 1998, these grants provided more than $150 million in support for programming, broadcasting, and other activities. In fiscal year 2000, CPB anticipates grants to stations will exceed $210 million. In the last five years, CPB grants provided only 12 to 15 percent of the revenue generated by public broadcasting stations. On the other hand, membership and direct mail campaigns generate 22 to 24 percent of annual station revenue.

RESULTS IN BRIEF

Overall, a substantial portion of public broadcasting grantees use direct mail solicitations as one among several means available to obtain non Federal revenue to help finance their continuing operations. Of the stations which make active use of direct mail, virtually all exchange names with and rent names from a variety of non profit organizations. Our survey showed, however, that 53 grantees (9.0 percent of the 591 grantees receiving funds from CPB) exchanged and/or rented membership/donor names **to** political organizations, parties, or candidates. This breaks down to 29 public television grantees (15.8 percent of 183 such entities) and 24 public radio grantees (5.9 percent of 408 such entities). Public broadcasters which use direct mail acquire the one time use of names **from** similar entities. A survey of public television entities performed by the Association of America's Public Television Stations (APTS) showed that 85 of 177 stations (48.0 percent) reported acquiring the one time use of names **from** political type organizations. Analysis of the situation at thirteen of the entities involved indicated that transactions with political organizations, parties, and candidates played a relatively minor role in the direct mailing process.

Prior to May 1999, CPB management and staff had no specific knowledge of public broadcasting stations' exchanges with or rentals of membership/donor names to political organizations. When they became aware that what appeared, at first to be an isolated instance, might be a more widespread situation; CPB's Board of Directors and senior management took prompt action to initiate an inquiry, consult with public broadcasters and promulgate eligibility requirements to eliminate any questionable practices. While meaningful regulations have now been implemented, appropriate legislative changes would be of value to assist in clarifying CPB's authority to deal with problems at station grantees.

RECOMMENDATIONS We recommend that representatives of CPB's General Counsel work with program managers to determine whether improvements are needed to clarify the basis for established requirements and permit appropriate actions in cases of noncompliance. In addition, consideration should be given to examining the adequacy of existing authorities to deal with problems at station grantees. If it is concluded that statutory improvements are needed, we recommend that CPB staff work cooperatively with Congressional staff to determine what changes can be made.

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CHAPTER 1

INTRODUCTION

PURPOSE

The Office of Inspector General (OIG) performed a special review of rentals and/or exchanges of membership/donor lists between public broadcasting stations and political organizations. Because many public broadcasters are funded at least in part by Federal tax dollars, questions were raised by Congress regarding the extent and propriety of such exchanges and the adequacy of privacy protection for members and other contributors. This review was undertaken to provide members of Congress, as well as the Corporation for Public Broadcasting's (CPB) Board of Directors and management with more comprehensive information on public broadcasting stations' mail list activities.

The purpose of the OIG's review was:

- to determine the extent and nature of rentals and/or exchanges of membership names and addresses, with other nonprofit organizations, political or otherwise.

- to examine the relationships involved in direct mail solicitations and the extent of involvement of public broadcasters with political organizations in this process.

- to examine applicable legislative and regulatory requirements and determine CPB's knowledge and involvement with respect to the questionable practices.

- to provide a basis for determining whether additional legislative or regulatory actions are necessary to prevent improprieties of this nature in the future.

BACKGROUND

The Corporation for Public Broadcasting (CPB) is a private, nonprofit, non-governmental corporation authorized by Congress in 1967. CPB promotes noncommercial public telecommunications services (television, radio, online, and digital) for the American people. It provides financial support and a variety of services to more than 1,000 public television and radio stations nationwide. Such support helps guarantee universal access to public broadcasting's educational services and programming, and ensures that stations can exchange program materials through a national system of interconnection.

The U.S. Congress appropriates federal tax dollars to CPB through the Treasury's Public Broadcasting Fund. The funds are required to be used by the Corporation in a prudent and financially responsible manner, solely for its grants, contracts, and administrative costs.

CPB statutes require that a fixed percentage of its appropriation be utilized for direct grants to public broadcasting stations to help public television and radio stations serve their communities more efficiently and effectively. Each year, CPB makes more than 500-station support grants to the more than 1,000 public television and radio stations which broadcast noncommercial programs to the public. Such stations are owned and operated by State and local governmental entities, public and private colleges and universities, and various "not for profit" organizations.

In 1998, these CPB grants provided more than $150 million in support for programming, broadcasting, and other activities. In addition, CPB made 56 additional grants for special projects, which have the potential to improve the efficiency and/or effectiveness of stations operations. These projects represent more than $10.7 million of CPB commitments. In fiscal year 2000, CPB anticipates that direct grants to stations will exceed $210 million.

In the last five years, CPB grants provided only 12 to 15 percent of the revenue generated by public broadcasting stations. Other federal grants and contracts add an additional 2.7 to 3.4 percent of station revenue. This contrasts with 26 to 29 percent provided by various state and local governmental or university entities and 20 to 26 percent provided by private foundations and businesses. Additionally, membership and direct mail campaigns generate 22 to 24 percent of annual station revenue.

For fiscal years 1998, Public Television and Public Radio revenues are shown as follows:

Public Television Revenue
FY 1998

Source	Amounts (*)	Percentage
Corporation for Public Broadcasting	$ 188	12.3%
Other Federal Grants & Contracts	64	4.2%
State/Local Governments & Public/Private Univ.	466	30.5%
Foundations/Business	315	20.7%
Members	363	23.8%
Other	129	8.5%
Total	**$ 1,525**	**100%**

Public Radio Revenue
FY 1998

Source	Amounts (*)	Percentage
Corporation for Public Broadcasting	$ 62	12.1%
Other Federal Grants & Contracts	6	1.1%
State /Local Governments & Public/Private Univ.	120	23.3%
Foundations/Business	127	24.7%
Members	156	30.3%
Other	44	8.5%
Total	**$ 515**	**100%**

(*) *Amounts in Millions*

SCOPE AND METHODOLOGY

This special review of public broadcasting station exchanges and rentals of membership/donor lists with political organizations was performed under the authority provided by the Inspector General Act of 1978 (Public Law 95-452), as amended. To complete the information gathering process as expeditiously as possible and to provide a report to top Corporation management and Congress in the time frames specified, this review was not an audit performed in accordance with Generally Accepted Government Audit Standards. Instead the review was considered a Special Assignment and was conducted in accordance with the provisions of Chapter Six of the Audit and Assistance Section contained in the OIG manual.

Reason for Review

In July 1999, newspaper articles began reporting that public broadcasting stations across the country were providing membership/donor lists to and/or renting or exchanging such lists with representatives of political campaign organizations, parties, and candidates. These revelations raised serious questions of public trust and were subsequently the subject of a Congressional hearing. At this hearing it was made clear that Congress does not believe that public broadcasting stations should be involved directly or indirectly in transactions with political organizations. Additionally, Congress was concerned that contributor's names and addresses were being sold, traded, or bartered to political organizations, without their knowledge and consent.

Accordingly, the OIG undertook this review to determine the extent and circumstances surrounding the reported improprieties. This information will help the CPB Board of Directors, top management staff and Congress to understand how wide spread these questionable practices may be amongst public broadcasting stations. The information will also be of assistance as CPB management works cooperatively with Congress to implement procedures necessary to adequately protect the privacy of members and donors and prevent appearances of inappropriate political favoritism.

Scope of Work Performed

On July 22, 1999, the OIG sent a survey questionnaire to all of the 183 public television grantees and 408 public radio grantees that receive funding from CPB. This survey solicited information regarding the station's policies and procedures related to renting and/or exchanging membership/donor lists. It asked whether the station:

- made names of its members/donors available to others.

- exchanged names of its members/donors with others.

In instances where names had been made available to or exchanged with political organizations, it requested information as to numbers of transactions, number of names, and/or value of lists exchanged.

Data resulting from responses to the surveys were tabulated and analyzed. Follow-up was done to seek information from those who did not initially respond. Ultimately, the OIG received responses from 181 of the public television grantees (98.9 Percent) and 383 of the public radio grantees (93.9 percent), for a total of 564 (95.4 Percent) of CPB station grantees.

OIG staff made site visits to 13 broadcasting grantees that had been involved in exchanges or rentals to validate the information provided in the survey, obtain necessary clarifications, and gain appropriate understandings of their direct mail solicitation process. In addition, to better understand the direct mail process and corroborate the broadcaster's information, the OIG solicited information on exchanges and rentals directly from four major direct mail consultants. This data, along with information published in the press and provided by selected political organizations, was compared to broadcasting data and followup was performed to reconcile or explain any differences.

OIG Counsel inquired into legislative and regulatory authorities to evaluate the statutory basis of possible CPB actions to control list exchanges or rentals with political organizations. Additionally, OIG staff reviewed CPB records to identify the extent of CPB knowledge and involvement in such exchanges or rentals. Evaluations were made of proposed policies and consideration was given to possible legislative actions which might be necessary.

CHAPTER 2

EXTENT OF PARTICIPATION IN DIRECT MAILING

Overall, a substantial portion of public broadcasting grantees make use of direct mail solicitations as one part of an overall fund raising strategy to obtain non Federal revenue to help finance their continuing operations. Of the stations active in the use of direct mail, virtually all exchange names with and rent names from various non profit organizations. Our survey showed, however, that 53 grantees (9.0 percent of the 591 grantees receiving funds from CPB) exchanged and/or rented membership/donor names **to** political organizations, parties, or candidates. This breaks down to 29 public television grantees (15.8 percent of 183 such entities) and 24 public radio grantees (5.9 percent of 408 such entities). Public broadcasters involved in direct mail acquire the one time use of names **from** similar entities. A survey of public television entities performed by the Association of America's Public Television Stations (APTS) showed that 85 of their 177 stations (48.0 percent) reported acquiring the one time use of names **from** political type organizations. Analysis of the situation at 13 of the grantees involved indicated that transactions with political organizations, parties, and candidates played only a relatively minor role in the direct mailing process.

DIRECT MAIL SOLICITATION

Direct mail solicitation, while not universally utilized by public broadcasting stations, is a common source for cultivating new membership revenues. Direct mail solicitations are fundraising appeals which enable donations to be made to specific public broadcasting stations.

This practice is mainly utilized by mid to large public television stations, television networks, joint licensee radio and television stations, and various statewide or regional radio networks. Single licensee radio stations, especially those outside of large metropolitan areas, are less likely to utilize direct mail solicitations.

According to the fiscal year 1997 CPB Public Broadcasting Revenue Report, the mean radio and television systemwide revenues generated by all membership sources, including direct mail solicitation, represents 22-24% of total station revenues. Per a study of public television stations conducted by the Public Broadcasting Management Association (PBMA), it is estimated that direct mail generates 40% to 60% of total membership revenues, which corresponds to an estimated 8% to 14% of average station revenues. It is important to note, however, that these numbers represent systemwide averages; some stations do not utilize direct mail solicitations at all. Direct mail solicitations are utilized by public broadcasters in all of the various types of categories of licensees including State governmental licensees, community licensees, and University licensees. However, some licensee categories utilize direct mail solicitations to a greater extent than others.

For a successful direct mail solicitation to occur, there must be an abundant source of prospect names and addresses to which the membership or other fundraising letters may be sent. The practice of exchanging a stations membership list for another not-for-profit or commercial organization's list, or renting names from another organization's list, is a common industry practice among non-profit organizations. Given low response rates to "cold" solicitation mail, a response rate of .8% to 1.0% is considered to be good. Many names must be either internally cultivated or otherwise acquired in order to send out a sufficient number of solicitation letters in order to generate net revenue. In many instances, new direct acquisition mail solicitations to prospective members actually lose money after printing, mailing and list expenses. Many stations only make money on new members who decide to renew their membership in successive years.

Public broadcasting stations, as well as other not-for-profit and commercial firms that choose to send out direct mail solicitation letters commonly, either directly or indirectly, engage the services of a list broker or a list manager. List brokers sell, rent or exchange lists of organizations with other organizations. List brokers charge a fee, usually per 1,000 names transacted, in addition to other consulting or management fees paid for related services. Stations may pay $65-85 per 1,000 names to rent another organization's names for mailing, as opposed to paying perhaps $10 per 1,000 names if they were to exchange their stations names for the acquired names. Exchanges are less expensive, and some organizations choose only to deal with organizations willing to exchange. Given the relatively low positive response rates, exchanges can reduce per letter costs $.06 to $.08. This represents a significant savings to public broadcasting stations that wish to conduct an acquisition mailing.

Direct mail consultants and/or list brokers or managers commonly prepare a mail plan for a public broadcasting station, which is subsequently authorized by the station. The mail plan indicates the prospective name lists that the consultant or list broker recommends the station either exchange, or to rent names from. List brokers or managers will submit a clearance form to the owner of a list, and if the user is new, a sample of the requesting organization's mailing. The list owner generally may approve or deny the proposed transaction. In an exchange, unless a consultant or list broker has been given blanket authority to enter into transactions, a station would commonly be asked for specfic authorization to release stations donor names to a specific organization.

For many stations, the services of a service bureau and a mail house are utilized to maintain the station's name list and to merge/purge any newly acquired names against existing station names in order to filter out duplicates. A service bureau may perform additional name filtering based on demographic data such as zip code, frequency of giving, age, gender, income, and other available attributes. Thus, of the gross number of names a station acquires from a third party, perhaps only one-third to one-half of the net names will be useful to the station.

Public broadcasting stations historically differ in their practices and policies concerning the exchange or rental of their names, and in their acquisition of other organizations names. Some prefer to enter into transactions only with not-for-profit organizations. Others have a policy only to rent other organizations names, thereby protecting their member's names. Still others refuse to exchange or rent information to others which would identify their large donors. And some historically have chosen not to exchange or rent their names with groups considered controversial or political organizations.

Public Broadcasting organizations that have exchanged their lists with nonprofit organizations, political organizations, or have rented political organization's lists, keep track of the historical response rate of the list acquired. Lists which in the past have had a good response rate are generally included for use in future direct mail campaigns.

EVALUATION OF PARTICIPATION

In total, 53 of CPB's grantees (9.0 percent) reported that they had exchanged membership/donor names with or rented such names to political organizations, parties, or candidates. Another 511 (86.5 percent) stated they had not. The remaining 27 (consisting of 2 public television and 25 public radio grantees [4.6 percent]) did not respond to our survey (see Appendices 1 & 2). Clearly the largest group were public television stations where 29 (15.8 percent) were involved. Our review showed that stations from all license types of management were involved in rentals and exchanges:

Community Licensees	17 of 92 grantees	(18.5 percent),
State/Local Government	7 of 30 grantees	(23.3 percent), and
University Licensees	5 of 61 grantees	(8.2 percent).

For these grantees, direct mail solicitation played a significant role in fund raising. We also found that 25 public radio grantees (6.2 percent) reported exchanges and rentals. These grantees were generally large multi-station entities or were joint licensee's with public television entities.

Most of the grantees involved in direct mailing had clear policies stating that they exchanged, rented and acquired names and addresses in accordance with industry practices. However, many also indicated that they withheld names whenever a donor requested. Most stations we visited did not, however, provide a direct, affirmative method on their pledge form or renewal form for a member to withhold their name from release to other organizations. A common approach was to have the member telephone or write the station to request that their name be withheld from release to others. Stations we visited indicated that procedures were in place to withold such names before assemblying the list of names to be made available to other organizations. Policies sometimes contained limitations on the type of organizations with which the station would exchange or rent names. The most common exceptions were political parties, candidates, and sometimes political organizations. Generally, these policies contained no such limitations on organizations from which one-time use would be acquired.

Reviews of the lists of organizations with whom names were exchanged, rented, or acquired showed that the vast majority were non political non profit organizations. Although these involved various advocacy groups, the vast majority of groups were charitable, philanthropical, or community organizations. In addition, we noted a smaller number of commercial entities as well as apparent political organizations and parties.

In performing this review, we noted that two public broadcasting entities violated their own internal policies in exchanging names with various political organizations. This included one public television and one public radio grantee. Eleven stations however, claimed that they had not known of the exchanges. They indicated that they had been part of public television exchange groups operated by various list brokers. Their understanding was that exchanges would be made only with other non profit organizations and were therefore unaware that their names had been made available to political organizations until they received information from their direct mail consultants and list brokers to enable them to respond to the OIG and APTS survey questionnaires.

RESULTS OF SITE VISITS

The OIG visited 13 public television and radio grantees. The purpose of the on-site visits was to attempt to learn more about the mailing list practices among a sample of stations. We asked the grantees additional questions about their mailing list practices, reviewed selected supporting documentation, and obtained membership list transaction data. This transaction data enabled us to determine the proportional relationships of transactions involving political organizations to the total number of name list transactions in which grantees engaged.

The grantees selected represented a cross-section of America's public broadcasting stations. Primarily these grantees had indicated either to the press or to CPB Television or Radio Departments that they had entered into name transactions with political organizations. We visited grantees of various sizes, locations, ownership structures, and operating budgets. The grantees primarily served medium to large metropolitan areas with viewing or listening areas of a size sufficient to make the utilization of direct mail solicitation attractive.

The on-site visits were conducted in August, 1999. We had received OIG survey responses from all of the 13 grantees. Some grantees had filed amended surveys to report additional transactions of list names that either went to or came from political organizations. These changes came as a result of information provided to grantees by consultants or list brokers which grantees received after they had submitted their initial response. At some grantees, we identified small amounts of additional name transactions that were not reported in the survey filed with the OIG, or furnished by means of attachments of list broker transaction reports to the survey. Given the priority for timely responses from grantees, it is entirely plausible to experience some degree of error in survey responses. Overall, we identified no material discrepancies when comparing the survey responses of the grantees we visited with the underlying names list transaction data we examined.

Of the 13 grantees visited, 12 had exchanged or rented their membership list through list brokers or list managers to political parties at least once during the period from 1994 to 1999. The proportion of grantee names exchanged or rented to political organizations as compared to total names exchanged or rented to all organizations ranged from a low of 0% to a high of 8.8% (see Appendix 3).

Additionally, all 13 grantees visited had rented name lists from political organizations at least once during the period from 1994 to 1999. The proportion of names exchanged or rented from political organizations compared to total names exchanged or rented from all organizations ranged from a low of .3% to a high of 6.4% (see Appendix 3).

Involvement by Management

None of the 13 grantees visited had, however, dealt directly with political candidates, parties, or organizations. All of the grantees visited reported working through intermediaries such as list brokers, list managers, fundraising counsels, and fundraising agencies in transacting name lists with political organizations.

All 13 grantees indicated that their managing Boards of Directors (or the Board of Directors of their fundraising foundations) did not have any knowledge or input to the decisions made to rent or exchange name lists with political candidates, parties, or organizations. Additionally, no station corporate bylaws addressed the issue of station practices regarding exchanges or rentals of names to or from political organizations. Some of the stations corporate by-laws did contain language to the effect that the station "was not to participate in, or intervene in any political campaign on behalf of any political candidates, parties or organizations."

Of the grantees we visited, we asked whether station management was aware of the sale, exchange, purchase or bartering of names to or from political candidates, parties or organizations. We defined 'station management' as personnel at the Director or senior management level in the station's organization structure for purposes of assessing a stations knowledge of these events.

The majority of grantees we visited stated that top management (Executive Director, Station Manager, Chief Operating Officer, Chief Executive Officer, etc..) were not aware of the exchange or other release of stations name lists to political organizations. While such releases may have been known to development office personnel, that knowledge appears to have been, in many instances, not communicated upward to top management. Absent an existing station policy on the release of lists to political organizations, development office staff may not have perceived any reason to make top management aware of the practice.

The practice by the grantees, we visited, of acquiring political organizations' name lists for acquisition mailings was more widely known to senior station management. But four stations state that senior management was unaware that their station had been acquiring name lists from political organizations until the issue received widespread public attention in July, 1999 and they initiated internal inquiries into the issue.

Stations Interaction with Direct Mail Organizations

All 13 grantees retained the services of list brokers, list managers, fund raising consultants or fundraising agencies to rent or exchange their stations member list, manage their stations member list, and to acquire new lists. One station obtained lists from list brokers but utilized in-house development staff to develop a mail plan, perform maintenance on the stations member list, and manage their list. List brokers commonly subcontract with mail houses, service bureaus, and others to provide creative input on the design and content of solicitation letters and to mail the fund raising letters.

Stations develop an acquisition mail plan for new members typically with the advice and recommendation of their consultant, list broker, or list manager. Only one of the 13 grantees reported that they actually took possession of mail acquisition names they had rented or exchanged; the other stations reported that they did not see the actual names acquired, and knew only the names of those individuals who chose to become new members as a result of having sent in a member form.

However, prior to July 1999, no written contracts between stations and list brokers, list managers, fundraising counsels, or fundraising agencies were identified that had any language restricting or prohibiting the contractor from exchanging or renting station name lists to or from political organizations.

Stations commonly complete clearance forms to be submitted to list owners through their list brokers/managers for approval. Likewise, stations customarily receive from their brokers clearance forms from other entities requesting an exchange or acquisition of the station's membership name lists. Some stations report that they have given various types of blanket approval authority to agents such as list brokers or list managers. But others claim to have retained this approval authority over their lists. Our review indicates that the receipt of clearance forms by station personnel was widespread, but apparently not universal. Stations received invoices and other reports from list brokers. On the documents and correspondence we examined, the identity of the recipient of the stations lists (from exchange or rental) and the source of lists rented by stations appeared clearly on the documents. In many cases fundraising staff and other station employees appear to have routinely processed these transactions without any awareness or assumption that there was anything wrong or improper with the transactions. Since the present issue has emerged, some stations now require their executive management to approve all proposed acquisition transactions and releases of station lists. One station has developed a policy which classifies some potential users of the list as "controversial mailers", and requires executive station management solely to approve these mailings. Noncontroversial mailers are approved by development office management.

Controlled release of public broadcasting stations members names is important to protect members confidentiality and privacy in instances where the member requests that his or her name not be released to third parties.

Selected Station Visit Summaries

Provided below are summaries of our visits to four public broadcasting entities. We have noted the political organizations to whom or from whom member list names have been exchanged or rented.

WGBH, Boston Mass.

WGBH was the initial public broadcasting station where the media reported exchanges of membership lists. Although the station initially reported one such occurrence, media representatives indicated that there were repeated exchanges. To clarify the facts of the matter, WGBH called in outside counsel and representatives of a major public accounting firm to review the matter and make appropriate recommendations. During the site visit by OIG staff these parties provided us with documentation regarding the circumstances.

Since at least 1992, WGBH has had specific written policy dealing with list exchange and rental of membership/donor names. The policy clearly indicated that their stations actively engaged in list rentals and exchanges in accordance with standard industry practices. In doing so, the policy indicated that their practices were intended to protect the privacy and wishes of their members. As such, it limited the data provided to simply that which it considered to be in the public domain (i.e. title, name, and address). In instances where members requested that names not be exchanged, procedures were in place to exclude them from any exchange or rental lists.

WGBH's policy provided that at times, it reserved the right to refuse, deny, or decline any rental or exchange. In addition, the policy indicated that the station would deny access to a number of different types of organizations including political groups (i.e. candidates, parties, committees).

In the last five years, WGBH documentation showed that the first time they were requested to release names to political organizations was in January 1996. At that time, the list broker representing WGBH conveyed a request from the Democratic National Committee (DNC) for 20,000 names. At first, WGBH denied the request indicating that their ownership policy was to not rent names to or exchange with political organizations. Their broker then advised them that while the DNC understood their desire to decline, the DNC still was owed 12,000 names in exchange for names previously provided to WBGH. After efforts to seek an alternative were unsuccessful and concluding that the station was obliged to fulfill this pre-existing obligation, WGBH reluctantly released 12,000 members names to fulfill their contractual obligation.

Later in 1996, WGBH was advised that the DNC requested an additional 142,000 names. In exchange the DNC offered to provide WGBH with more than 150,000 DNC names. This transaction was denied. In the fall of 1998, WGBH's broker again advised that the DNC was requesting 10,000 names on an exchange basis. As with the requested exchange in late 1996, this request was also denied.

In March 1999 the DNC again requested 20,000 names from WGBH. This time, contrary to station policy the requested names were released. This release occured due to a mistake by the person responsible for applying this policy.

WGBH records showed in total, the release of 32,000 names to political organizations over the last five years. These names represented only 0.3 % of exchanges or rentals of their membership lists. The rest of the names were rented to various nonprofit and commercial type organizations. During the same period, WGBH acquired the one time use of 148,380 names from political organizations. These represented 1.4% of the names acquired for use in their direct mail solicitations.

WNET - New York

WNET New York has participated in name list transactions through third party list brokers, with various political organizations, for the last fifteen years. Generally, these transactions represented a small portion of exchanges and rentals used as part of their direct mail solicitations.

WNET's name lists were exchanged, through third party list brokers, with the name lists of the following organizations:

Name of Political Organization WNET exchanged list of names with:
Democratic National Committee
Democratic Congressional Campaign Committee
Democratic Senate Campaign Committee
Emily's List

WNET acquired, through third party list brokers, names lists from a variety of political organizations. The organizations lists acquired through list brokers were from organizations both Democratic and Republican in affiliation. Names lists were acquired from:

Name of Political Organization WNET acquired Lists of Names from:
Abrams for Senate
Dinkins for Mayor
Ferraro for Senate
Great American Donor File
Moynihan for Senate
Pataki
Republicans for Choice
Emily's List
Rudolf Giuliani
Choice Democrats
Clinton Gore '96
Democratic Congressional Campaign Committee
Democratic National Committee
Democratic Senate Campaign Committee
Lautenberg (NJ) for Senate
New Democrats

WNET stated that the decision to transact names either to or from political organizations was not based on any political reason. The decisions were based on the desire to acquire the one-time use of names lists of those likely to contribute to the station, based on past experience and list broker research.

For the period 1994 - 1999, WNET stated that they "exchanged or rented out" a total of 1,193,666 member names to political organizations as compared to a total of 17,551,645, or 6.8% of total names released. For the period 1994 - 1999, WNET stated that they acquired 810,146 political names from political organizations as compared to a total of 24,327,408 names acquired, or 3.3% of total names rented from others.

Minnesota Public Radio (St. Paul, MN)

Minnesota Public Radio (MPR) exchanged 10,000 names to political organizations out of a total of 3,299,624 names exchanged with all organizations from 1994 to 1999. These exchange of MPR names to political organizations represented .3% of the total name exchanged.

Additionally Minnesota Public Radio acquired a one time use of 46,920 political organization names out of a total of 5,554,820 names received from all organizations during 1994 - 1999. The names acquired from such rentals and exchanges amounted to .6% of the total names acquired.

MPR stated that the primary factor considered in selecting the names to be acquired was the willingness of individuals to make contributions by mail. Some additional factors considered as criteria include list zip codes, RFM (recency, frequency, and size of previous transactions), and demographics (age, gender, income, career, education). Direct mail consultants or list brokers recommend possible lists for MPR to choose amongst. In addition, they make suggestions of possible lists that had performed well in the past. There are various indexes that relate certain groups to others and research has been done to identify those groups that listen to and like public radio. MPR stated that they select lists related to the arts, public policy and to the environment.

Among other things, MPR looks for potential donors who get emotionally involved in causes. Political donors are believed to have an interest in news/information, and are more likely to have an interest in public radio.

Minnesota Public Radio's name lists were exchanged, through third party list brokers, with the name lists of the following organization:

Name of Political Organization Minnesota Public Radio exchanged list of names with:
Democratic National Committee

Minnesota Public Radio acquired through third party list brokers, names from the following identified political organizations:

Name of Political Organization Minnesota Public Radio acquired Lists of Names from:
Democratic National Committee
Democrats with Dollars
Wellstone Campaign Committee

KCET -TV Los Angeles

KCET acknowledges the exchange of 12,000 names with political organizations during the period 1994 to 1999.

There were two other exchange transactions initiated, but uncompleted, that involved political organizations. One of these transactions was with the Democratic Senatorial Campaign Committee (DSCC). The other one was with the Democratic Congressional Campaign Committee (DCCC).

With regard to the Democratic Congressional Campaign Committee (DCCC) exchange, KCET's list broker has agreed to convert the exchange balance to a rental.

KCET TV's name lists were exchanged, through third party list brokers, with the name lists of the following organization:

Name of Political Organizations KCET exchanged lists of names with:
Emily's List
Democratic Senatorial Campaign Committee (DSCC)

KCET management states that the Democratic Senatorial Campaign Committee (DSCC) exchange has similarly been converted to rentals.

For the period 1994 - 1999, KCET stated that they exchanged a total of 12,000 member names to political organizations out of a total names exchanged of 2,865,907, or .4% of total names exchanged. For the period 1994 - 1999, KCET stated there were 422,427 political names rented from political organizations out of a total of 20,704,113 total names rented. The names exchanged and rented from political organizations amounted to 1.8 percent of the total names acquired. The occurrence of these transactions at KCET was a comparatively small percentage of the KCET's total names list exchanges or rental transactions.

KCET acquired through third party list brokers names lists from the following identified political organizations.

Name of Political Organization KCET acquired Lists of Names from:
California Gold Democrats
Conservative Republican Donors
Democratic Donor Masterfile
Emily's List
Jewish Democratic Liberal Donors
Jewish Republican Donors
New Democrats
Republican Elected Givers
Republicans for Choice
Dole Donors

DIFFICULTIES IN IDENTIFYING POLITICAL ORGANIZATIONS

Overall, the OIG found that virtually all of the exchange or rental transactions of station membership/donor names were to apparently Democratic organizations. At the same time, however, acquisitions of names for use in the grantees own direct mail solicitations included apparent Republican organizations. In the grantees visited, acquisitions from such organizations ranged from 0 percent to almost 40 percent. For several grantees apparent Republican acquisitions exceeded 20 percent of names acquired.

Both grantees and their direct mail consultants/list brokers clearly had difficulties in identifying political organizations. This is illustrated by their responses to CPB's initial calls to seek information on involvement with political organizations, as well as their responses to the OIG and APTS surveys.

Answers to questions about political organizations were repeatedly given based on list names considered political in nature. Unfortunately, such names were not always representative of the true nature of the list or its owner.

The OIG actively pursued this question throughout the six week period of its review. After requesting information from CPB grantees, we requested similar information from major direct mail organizations. We requested them to identify political organizations for which they proposed, recommended, and effected exchanges, rental, and acquisitions involving broadcasters. Ultimately we were given comparable lists of organizations as from the stations. When we requested the names and addresses of the lists owner, however, we were told that they (the direct mail organizations) didn't have that information. To get it, we needed to contact the list brokers. When we called the list brokers, we got a similar answer - we needed to go to the list managers. Initially, most such managers told us that such information was priviledged and confidential and that they did not give out that information.

Last week we ultimately obtained information on a number of lists through use of IG subpoenas. From reviewing this information, we concluded that no grantee could assess the type of organization it was dealing with simply based on the list name.

For example in checking out list names given CPB by list brokers and stations, we learned:

	List Name	Discussion
1.	Great American Donors	A list of Republican donors compiled and owned by a list management organization from public records available at state and local governments. The list name was originated by the list manager.
2.	Dynamic American Donors	A list of Democratic donors compiled and owned by a list management organization from public records available at state and local governments. The list name was originated by the list manager.
3.	Country Club Republicans	A compiled list resulting from analysis of the Great American Donors list to identify individuals who had donated more than $1,000 to the Republican party. The list name was created by the list manager.
4.	High Dollar Democrats	A compiled list similarly extracted from the Dynamic American Donors list. The name was created by the list manager.
5.	Feinstein Campaign Givers	A compiled list derived from the Dynamic American donors list. The name originated by the list manager.

6.	Pataki	A compiled list derived from the Great American Donors list. The name originated by the list manager.
7.	Clinton-Gore Campaign	A list of contributors to the 1996 Clinton/Gore campaign. The list is owned by Clinton/Gore '96.
8.	Dole Donors	A list of the contributors to the 1996 Dole campaign. This list is owned by Bob Dole Enterprises,Inc.

Thus, it is apparent that list names cannot be relied upon. While many of the names acquired by the public broadcasters came from lists which had political sounding names, they were not in fact owned or compiled by political organizations. Others had direct links to political parties or candidates.

Given the time already spent in trying to get definitive information as to the ownership and connection of such lists to political organizations, the OIG faced spending significant additional resources to complete a comprehensive analysis. However, our review had already shown that exchanges and acquisitions were only a small proportion of the stations direct mail efforts. Further, exclusions of transactions which were not, in fact, with political organizations would only serve to reduce the proportion further. The OIG, therefore, concluded to curtail its work and issue its final report.

Given the difficulty that stations have had in identifying exchanges and rentals of names with political organizations, we believe they need to act to strengthen their overall controls. In this regard, contracts with direct mail organizations and list brokers should clearly spell out prohibitions on exchanges, such as those required under CPB policy and others mandated by the stations. Such contracts should make it clear that the direct mail organizations and list brokers are responsible for knowing with whom exchanges, rentals and acquisitions are made and for advising the station regarding any potential violation of contract terms. It should be clear from the start that, without approval, such organizations or brokers will be held liable for actions contrary to established prohibitions.

CHAPTER 3

ANALYSIS OF CPB'S KNOWLEDGE, AUTHORITY, AND ACTIONS

Prior to May 1999, CPB management and staff had no specific knowledge of public broadcasting stations' exchanges with or rentals of membership/donor names to political organizations. Once they became aware that what appeared at first, to be an isolated instance, might be more widespread; CPB's Board of Directors and senior management took prompt action to initiate an inquiry, consult with public broadcasters, and promulgate eligibility requirements to eliminate the questionable practices. While meaningful regulations have now been implemented, appropriate legislative changes are still needed to assist in clarifying CPB's authority to deal with problems at grantee stations.

BACKGROUND

Section 396 of the Communications Act of 1934, as amended (the "Act"), authorized the establishment of the Corporation for Public Broadcasting. The statute specified that CPB would not be an agency or establishment of the United States Government. Instead, CPB was created to be a private corporation operating in accordance with the requirements of the Act and the District of Columbia Nonprofit Corporation Act.

The Act is clear that CPB is to remain steadfastly nonpolitical in nature. Specifically, Section 396(f)(3) of the Act mandates that:

> *"[t]he Corporation may not contribute to or otherwise support any political party or candidates for elective public office. "* (Emphasis added.)

The Act further suggests that "noncommercial educational broadcasting stations" are to remain nonpolitical with respect to electoral politics. Specifically, Section 399 of the Act, entitled "Support of political candidates prohibited," provides:

> *"[n]o noncommercial educational broadcasting station may support or oppose any candidate for political office."*

The Act's proscriptions against political activity by CPB or public broadcasting stations should be read in the context of the general purposes of the Act and the broad language used elsewhere in the Act. One of the overriding themes of the Act is to offer maximum assurance that the growth of public broadcasting for "instructional, educational and cultural purposes" will be free from control or interference from outside interests. The following sections highlight this theme.

Section 396(a)(10) of the Act calls for the establishment of CPB by declaring a Congressional policy that:

> *"a private corporation should be created to facilitate the development of public telecommunications and to afford maximum protection from extraneous interference and control. "* (Emphasis added.)

Under Section 396(g)(1)(A) of the Act, CPB is directed to:

> *"facilitate the full development of public telecommunications ... With strict adherence to objectivity and balance in all programs or series of programs of a controversial nature. "* (Emphasis added.)

Under Section 396(g)(1)(D) of the Act, CPB is directed to :

> *"carry out its purposes and functions and engage in its activities in ways that will most effectively assure the maximum freedom of the public telecommunications entities and systems from interference with, or control of, program content or other activities. "* (Emphasis added.)

In total, these three sections of the Act establish that one of CPB's primary functions is to assure maximum protection from extraneous interference or control and to "facilitate" a system of public telecommunications with adherence to objectivity and balance.

To carry out the purposes of the Act, CPB is authorized to enter into a variety of contracts and grants with telecommunication entities, production entities and other public and private agencies, organizations, and institutions. As set forth in the Act, CPB could presumbly use those contracts and grants to "facilitate" a system of public telecommunications with adherence to "objectivity and balance" by restricting future sales or exchanges of membership or donor lists with political organizations. However, CPB must ensure that CPB actions do not violate other sections of the Act which prohibit CPB from:

"(A) owning or operating any television or radio broadcast station, system, or network, community antenna television system, interconnection system or facility, or any public telecommunications entity, system, or network; and"

"(B) producing programs, scheduling programs for dissemination, or disseminating programs to the public."

The statute clearly requires that funds made available to the stations may be used at the discretion of the stations for the purposes related primarily to the production or acquisition of programming.

LACK OF CPB KNOWLEDGE OF NAME EXCHANGES OR RENTALS

CPB managers and staff apparently had no knowledge that public broadcasting stations were exchanging membership/donor names with or renting such names to political organizations. This was confirmed by CPB's General Counsel and my staff as we reviewed the situation with staff, and managers involved in working with stations. In addition, as part of their survey efforts, the Association of America's Public Televisions Stations (APTS) corroborated that no official or employee of public television stations had any contact with CPB regarding the exchanges or rental of names to political organizations.

It was not until July 1999, that newspaper articles began reporting that what had appeared to be an isolated incident relating to a single public television licensee, providing membership donor lists to and/or renting or exchanging such lists with political organizations, parties or candidates, might be more widespread. At that time, CPB staff began calling major stations and some of the direct mail organizations/list brokers to begin gathering data on the extent and nature of the problem. Such information was accumulated based on verbal discussions with those contacted. When CPB was called to testify on the problem only a week or two later, it provided the preliminary data and information furnished by the stations and brokers. It also indicated that it would take some time to develop comprehensive information on such exchanges and that the Office of Inspector General would be assisting in that process.

As this process is ending, it is not unusual for us to find that some of the original information which CPB had was incorrect. For example, as discussed in the previous chapter, stations, direct mail organizations and list brokers, as well as CPB staff did not differentiate between list names and political organizations. As a result, the Country Club Republicans list was given as an organization. Similarly, the 1996 Dole Campaign was cited when, in fact, the correct reference was to the Dole Donors list. Clearly it was unfortunate that the information contained in CPB's testimony was not completely accurate, however it fairly represented the knowledge of the situation which CPB had at that time.

CPB staff did know that public broadcasting entities were acquiring names for use in direct mail solicitations and that significant revenues were being obtained from such efforts. As part of its on-going efforts to assist stations in developing greater non-Federal revenue, CPB financed seven future fund grants to develop and demonstrate "best practices" in mail solicitations. It was not until CPB lower level staff were reviewing their files for any indications of transactions with political organizations that they noticed that some stations had used names apparently acquired from political parties. At the time, such documentation was received and reviewed, staff noted only that names had been received from a variety of sources. The names received from political organizations were only a small portion of names used in the demonstration project and thus played no significant role in the results of the demonstration.

CPB AUTHORITY AND ACTIONS TO REGULATE LIST EXCHANGES AND RENTALS WITH POLITICAL ORGANIZATIONS

As currently written, Subpart D of the Communications Act of 1934, as amended, does not provide CPB with specific authority to regulate or prohibit exchanges of membership/donor names with political organizations.

As discussed in Chapter 2, our review of records provided by the stations and direct marketing organizations did not identify direct dealings between public broadcasting entities and political organizations, parties, or candidates. Instead such transactions occurred as a relatively small portion of their direct mail solicitation efforts, through third party intermediaries such as direct mail organizations, list brokers, etc..

During the course of the review, the OIG sent surveys to the Democratic National Committee (DNC) and the Republican National Committee (RNC) requesting information regarding their policies and thoughts on the propriety of such exchanges.

The DNC prefaced their statement to the Inspector General by taking strong issue with any suggestions that their past rentals or exchanges of membership/donor lists "raise serious questions of public trust, represent a use of taxpayer funds, directly or indirectly for partisan politics, and in some way constitute improprieties". In fact, the DNC believes that "it is a standard, well-established practice in the direct marketing field for corporations and organizations to rent lists of customers or donors to each other and to exchange lists of such customers or donors for lists of equivalent value."

Specifically the DNC has no "policy" regarding the rental or exchange of donor/lists with non-profit organizations, "except to follow standard industry practice and to ensure that any rental of lists by the DNC from, or rental of lists to the DNC by, a non-profit organization, or exchange of lists with a non-profit organization, is undertaken at arm's length, for fair market value, and in accordance with the standard industry practice and precedent of the trade."

Like the DNC, the RNC has no written policy regarding the renting, purchasing, swapping, or exchanging of membership/donor lists with non-profit organizations. "However, it does have a practice of utilizing the services of list brokers to provide list rental recommendations based on affinity to the Republican message, direct mail responsiveness, history of political and/or charitable giving, and demographic characteristics."

There is no question, however, that such exchanges may create the appearance of improper relationships. In light of the potentially confusing nature of the direct mail business, and its relation with public broadcasters, Congress has taken the viewpoint that such exchanges or rentals create, at least, the appearance of improper relationships. CPB's funding for grants to public broadcasting stations comes directly from Federal tax dollars and accordingly can not be used to support political objectives. Thus, it was important for public broadcasting to take prompt action to deal with the situation and assure the public of our dedication to public service.

At the July 20, 1999 Congressional Hearing before the Telecommunications, Trade, and Consumer Protection Subcommittee of the House Committee on Commerce; CPB, along with representatives of the national public broadcasting entities, made it clear that they believed it was not appropriate for public broadcasting stations to exchange/rent membership or donor names with political entities.

To implement restrictions on these practices, CPB had the option of, including a prohibition on such transactions in each grant, or modifying its grant eligibility requirements to require stations to certify their understanding and compliance with the established prohibitions. After consultations with representatives of public broadcasting and its Board of Directors, CPB senior

management decided to modify the eligibility requirements. As a result, on July 28, 1999, CPB issued their "**Mail List and Partisan Political Activities Requirements** (See Appendix 4). These requirements provide that noncompliance may result in CPB disqualifying grantees from eligibility to receive, in whole or in part, Station Grants or other CPB grants or awards.

While the OIG supports the adoption and implementation of these requirements, we are concerned that the requirements may not in every case provide the protections anticipated by CPB's Board of Directors, senior management and Congress. One concern arises from the specific wording of the statute. In this regard, CPB's authorizing statute mandates that a fixed percentage of its annual appropriation be used for grants to public broadcasting entities. Specifically, Section 396 (k)(6)(B) states:

> *"The corporation shall make a **basic grant from the portion reserved for television stations. . .to each licensee and permittee of a public television station that is on the air.** The Corporation shall assist radio stations to maintain and improve their services where public radio is the only broadcast service available.*

The statute, thus, mandates that basic grants be awarded to all public television licensees and that assistance also be granted to radio stations where public radio is the only broadcast service available. The question then becomes whether CPB can, in fact, withhold grants in their entirety. Additionally, the fact that list restrictions have been imposed without a specific statutory basis means that CPB has the ability to reverse or modify the restrictions in the future.

In addition, after promulgating the restrictions, CPB received inquiries from several stations operated by State and local governmental entities, who indicated that their operations were covered by Sunshine Laws which would require them to make available their membership/donor lists on request. Since such restrictions were imposed administratively rather than statutorily, CPB has acknowledged that it would waive its privacy requirement in such cases, if the stations clearly advise viewers and listeners of the state/local law.

These kinds of situations would be simplified if the restrictions were addressed directly by statute. A review of the authorizing statute shows that previously, when Congress has wished to impose requirements that are considered prerequisites to obtaining or keeping CPB grants, it has done so statutorily. For example, the statute specifically prohibits funding to any public broadcasting station that does not comply with statutory provisions relating to:

- holding open meetings,

- public examination of records, and

- equal employment opportunity.

Similar language would be useful in this instance as well.

In addition, we believe that CPB management must give consideration to the adequacy of the existing legislation in other circumstances. In the last few years, the OIG has been called in to examine instances where there were allegations or questions about station's financial capability, indications of various improprieties, and even potential fraud and misuse of federal funds. To deal successfully with such problems, CPB needs to have adequate authority to deal with its grantees to get problems corrected. In our opinion, the mandatory requirement that particular types of grantees must be given a basic grant can prevent an effective resolution.

This is not the case for grants which pay for the production or acquisition of programming. The authorizing statute generally does not mandate that particular production or acquisition grants be awarded to particular entities.

Section 396(g)(2)(B)(ii) of the statute makes it clear that

> "nothing in this subparagraph shall prohibit the exercise by the Corporation of its prudent business judgement with respect to any grant to assist in the production or acquisition of any program or series of programs. . ."

This paragraph (when read in conjunction with Section 396 (k)(2)(A) which says "the funds authorized. . .shall be used by the Corporation, in a prudent and financially responsible manner. ."), provides a clear and specific basis for requiring effective corrective action on program grants. The OIG is of the opinion therefore that similar language should be included to make it applicable to all station grants, including basic grants.

RECOMMENDATIONS

We recommend that representatives of CPB's General Counsel work with program managers to determine whether improvements are needed to clarify the basis for established requirements and permit appropriate actions in cases of noncompliance. In addition, we believe consideration should be given to examining the adequacy of provisions that address CPB's scope of authority to deal with possible egregious problems at station grantees. If it is concluded that statutory improvements are needed, we recommend that CPB staff work cooperatively with Congressional staff to determine what changes can be made.

Public Broadcasting Stations Grantees
Reporting Exchange/Rental
Membership Donor Lists

Grantee Designation	Stn State	Licensee Type	Licensee Name	Exchanged/Rented To Political Org.	Had Policy	Followed Policy	Site Visit
Public Television Stations							
KCET-TV LOS ANGELES	CA	Community	Community Television of Southern California	Y	W	Y	X
KQED-TV SAN FRANCISCO	CA	Community	KQED, Inc.	Y	N	Y	X
KRMA-TV DENVER	CO	Community	Rocky Mountain Public Broadcasting Network, Inc.	Y	N	Y	
CONNECTICUT NETWORK	CT	Community	Connecticut Public Broadcasting, Inc.	Y	W	Y	
WETA-TV WASHINGTON	VA	Community	Greater Washington Educational Telecommunications Assoc., Inc.	Y	N	Y	X
WGBH-TV BOSTON	MA	Community	WGBH Educational Foundation	Y	W	N	X
WTVS-TV DETROIT	MI	Community	Detroit Educational Television Foundation	Y	W	Y	X
KETC-TV ST LOUIS	MO	Community	St. Louis Regional Educational and Public Television Commission	Y	W	Y	
WNED-TV BUFFALO	NY	Community	Western New York Public Broadcasting Association	Y	N	Y	
WNET-TV NEW YORK	NY	Community	Educational Broadcasting Corporation	Y	N	Y	X
WCNY-TV SYRACUSE	NY	Community	The Public Broadcasting Council of Central New York, Inc.	Y	N	Y	
WHYY-TV PHILADELPHIA	PA	Community	WHYY, Inc.	Y	V	Y	X
WVIA-TV SCRANTON	PA	Community	Northeastern Pennsylvania Educational Television Assoc.	Y	W	Y	
KLRN-TV SAN ANTONIO	TX	Community	Alamo Public Telecommunications Council	Y	N	Y	
KERA-TV DALLAS	TX	Community	North Texas Public Broadcasting, Inc.	Y	W	Y	
VERMONT NETWORK	VT	Community	Vermont ETV, Inc.	Y	W	Y	X
WHRO-TV NORFOLK	VA	Community	Hampton Roads Educational Telecom. Assoc., Inc.	Y	V	Y	
KLVX-TV LAS VEGAS	NV	Local Authority	Clark County School District	Y	V	Y	
ARKANSAS NETWORK	AR	State	Arkansas Educational Television Commission	Y	N	Y	
MARYLAND NETWORK	MD	State	Maryland Public Broadcasting Commission	Y	W	Y	X
NEBRASKA NETWORK	NE	State	Nebraska Educational Telecommunications Commission	Y	N	Y	
NEW JERSEY NETWORK	NJ	State	New Jersey Public Broadcasting Authority	Y	W	Y	X
SOUTH DAKOTA PUBLIC	SD	State	South Dakota Board of Directors for Educationnal Telecom.	Y	N	Y	
KUSD-TV VERMILLION	SD	State	South Dakota Board of Directors for Educational Telecom.	Y	N	Y	
KPBS-TV SAN DIEGO	CA	University	San Diego State University	Y	N	Y	
WUFT-TV GAINESVILLE	FL	University	Board of Regents/State of Florida/University of Florida	Y	N	Y	
WILL-TV URBANA	IL	University	Board of Trustees of the University of Illinois	Y	W	Y	
KUON-TV LINCOLN	NE	University	The University of Nebraska	Y	W	Y	
NEW HAMPSHIRE PUBLIC	NH	University	University of New Hampshire	Y	W	Y	X
Total Television Stations Reporting Exchange/Rental (29)							

Public Radio Stations				Exchanged/Rented To Political Org	Had Policy	Followed Policy	Site Visit
KQED-FM SAN FRANCISCO	CA	Community	KQED, Inc.	Y	N	Y	X (1)
WPKT-FM MERIDEN	CT	Community	Connecticut Public Broadcasting, Inc.	Y	W	Y	
WETA-FM WASHINGTON	VA	Community	Greater Washington Educational Telecom. Assoc., Inc.	Y	V	Y	X (1)
WMEH-FM BANGOR	ME	Community	Maine Public Broadcasting Corporation	Y	W	Y	
WMEA-FM PORTLAND	ME	Community	Maine Public Broadcasting Corporation	Y	W	Y	
WGBH-FM BOSTON	MA	Community	WGBH Educational Foundation	Y	W	N	X (1)
KBPR-FM BRAINERD	MN	Community	Minnesota Public Radio	Y	W	Y	X (1)
KSJR-FM COLLEGEVILLE	MN	Community	Minnesota Public Radio	Y	W	Y	X (1)
WSCD-FM DULUTH	MN	Community	Minnesota Public Radio	Y	W	Y	X (1)
KNOW-FM ST PAUL	MN	Community	Minnesota Public Radio	Y	W	Y	X
KSJN-FM MINNEAPOLIS	MN	Community	Minnesota Public Radio	Y	W	Y	X (1)
KCCM-FM MOORHEAD	MN	Community	Minnesota Public Radio	Y	W	Y	X (1)
KLSE-FM ROCHESTER	MN	Community	Minnesota Public Radio	Y	W	Y	X (1)
WNED-AM BUFFALO	NY	Community	Western New York Public Broadcasting Association	Y	N	Y	
WNED-FM BUFFALO	NY	Community	Western New York Public Broadcasting Association	Y	N	Y	
WCNY-FM SYRACUSE	NY	Community	Public Broadcasting Council of Central New York, Inc.	Y	N	Y	
WMHT-FM SCHENECTADY	NY	Community	WMHT Educational Telecommunications	Y	W	Y	
WHYY-FM PHILADELPHIA	PA	Community	WHYY, Inc.	Y	W	Y	X (1)
WVIA-FM SCRANTON	PA	Community	Northeastern Pennsylvania Educational Television Assoc.	Y	W	Y	
KERA-FM DALLAS	TX	Community	North Texas Public Broadcasting, Inc.	Y	W	Y	
WUFT-FM GAINESVILLE	FL	University	Board of Regents/University of Florida	Y	N	Y	
WILL-AM URBANA	IL	University	The Board of Trustees of the University of Illinois	Y	W	Y	
WILL-FM URBANA	IL	University	The Board of Trustees of the University of Illinois	Y	W	Y	
WGUC-FM CINCINNATI	OH	University	University of Cincinnati	Y	V	Y	
Total Radio Stations Reporting Exchange/Rental (24)							

Total Television & Radio Stations Reporting Exchange/Rental (53 or 9.0%)

Legend W - written, V - verbal, N - none

(1) Information received as part of visit to parent or sister station.

Public Broadcasting Stations Grantees
Reporting No Exchange/Rental
Membership Donor Lists

Grantee Designation	Stn State	Licensee Type	Licensee Name	Exchanged/Rented To Political Org. * No Response	Had Policy	Followed Policy	Site Visit
Public Television Stations							
KAKM-TV ANCHORAGE	AK	Community	Alaska Public Telecommunications, Inc.	N	N	Y	
KYUK-TV BETHEL	AK	Community	Bethel Broadcasting, Inc.	N	V	Y	
KTOO-TV JUNEAU	AK	Community	Capital Community Broadcasting, Inc.	N	V	Y	
KRCB-TV ROHNERT PARK	CA	Community	Rural California Broadcasting Corporation	N	N	Y	
KEET-TV EUREKA	CA	Community	Redwood Empire Public Television, Inc.	N	W	Y	
KVPT-TV FRESNO	CA	Community	Valley Public Television, Inc.	N	W	Y	
KIXE-TV REDDING	CA	Community	Northern California Educational Television Association, Inc.	N	W	Y	
KVIE-TV SACRAMENTO	CA	Community	KVIE, Inc.	N	W	Y	
KMTP-TV SAN FRANCISC	CA	Community	Minority Television Project Inc.	N	W	Y	
KTEH-TV SAN JOSE	CA	Community	KTEH-TV Foundation	N	W	Y	
KBDI-TV BROOMFIELD	CO	Community	Front Range Educational Media Corporation	N	N	Y	
WXEL-TV WEST PALM BE	FL	Community	Barry Telecommunications, Inc.	N	V	Y	
WJCT-TV JACKSONVILLE	FL	Community	WJCT, Inc.	N	W	Y	
WPBT-TV MIAMI	FL	Community	Community Television Foundation of South Florida, Inc.	N	N	Y	
WMFE-TV ORLANDO	FL	Community	Community Communications, Inc.	N	N	Y	
WEDU-TV TAMPA	FL	Community	Florida West Coast Public Broadcasting, Inc.	N	W	Y	
WTTW-TV CHICAGO	IL	Community	Window to the World Communications, Inc.	N	W	Y	x
WMEC-TV MACOMB	IL	Community	West Central Illinois Educational Telecommunications Corp.	N	W	Y	
WTVP-TV PEORIA	IL	Community	Illinois Valley Public Telecommunications Corp.	N	N	Y	
WNIN-TV EVANSVILLE	IN	Community	Tri-State Public Teleplex, Inc.	N	V	Y	
WFWA-TV FORT WAYNE	IN	Community	Fort Wayne Public Television, Inc.	N	V	Y	
WFYI-TV INDIANAPOLIS	IN	Community	Metropolitan Indianapolis Public Broadcasting, Inc.	N	W	Y	
WYIN-TV MERRILLVILLE	IN	Community	Northwest Indiana Public Broadcasting, Inc.	N	W	Y	
WNIT-TV SOUTH BEND	IN	Community	Michiana Public Broadcasting Corporation	N	N	Y	
KOOD-TV BUNKER HILL	KS	Community	Smoky Hills Public Television	N	W	Y	
KPTS-TV WICHITA	KS	Community	Kansas Public Telecommunications Service, Inc.	N	W	Y	
WLAE-TV NEW ORLEANS	LA	Community	Educational Broadcasting Foundation, Inc.	N	W	Y	
WYES-TV NEW ORLEANS	LA	Community	Greater New Orleans Educational Television Foundation	N	W	Y	
MAINE NETWORK	ME	Community	Maine Public Broadcasting Corporation	N	W	Y	
WGBY-TV SPRINGFIELD	MA	Community	WGBH Educational Foundation	N	N	Y	

KWCM-TV APPLETON	MN	Community	West Central Minnesota ETV Company	N	V	Y	
KAWE-TV BEMIDJI	MN	Community	Northern Minnesota Public Television, Inc.	N	W	Y	
WDSE-TV DULUTH	MN	Community	Duluth-Superior Area Educational Television Corporation	N	W	Y	
KTCA-TV ST PAUL/MINN	MN	Community	Twin Cities Public Television, Inc.	N	N	Y	
KCPT-TV KANSAS CITY	MO	Community	Public Television 19, Inc.	N	W	Y	
KOZK-TV SPRINGFIELD	MO	Community	Ozarks Public Telecommunications, Inc.	N	W	Y	
KNPB-TV RENO	NV	Community	Channel 5 Public Broadcasting, Inc.	N	W	Y	
WSKG-TV BINGHAMTON	NY	Community	WSKG Public Telecommunications Council	N	W	Y	
WLIW-TV GARDEN CITY	NY	Community	Long Island Educational Television Council, Inc.	N	W	Y	
WCFE-TV PLATTSBURGH	NY	Community	Mountain Lake Public Telecommunications Council	N	W	Y	
WXXI-TV ROCHESTER	NY	Community	WXXI Public Broadcasting Council	N	W	Y	
WMHT-TV SCHENECTADY	NY	Community	WMHT Educational Telecommunications	N	W	Y	
WPBS-TV WATERTOWN	NY	Community	St. Lawrence Valley Educational Television Council, Inc.	N	V	Y	
WTVI-TV CHARLOTTE	NC	Community	Charlotte-Mecklenburg Public Broadcasting Authority	N	W	Y	
PRAIRIE PUBLIC TELEV	ND	Community	Prairie Public Broadcasting, Inc.	N	W	Y	
WNEO-TV ALLIANCE	OH	Community	Northeastern Educational Television of Ohio, Inc.	N	W	Y	
WCET-TV CINCINNATI	OH	Community	Greater Cincinnati Television Educational Foundation	N	N	Y	
WVIZ-TV CLEVELAND	OH	Community	The Educational Television Assoc. of Metropolitan Cleveland	N	W	Y	
WPTD-TV DAYTON	OH	Community	Greater Dayton Public Television, Inc.	N	W	Y	
WGTE-TV TOLEDO	OH	Community	The Public Broadcasting Foundation of Northwest Ohio	N	W	Y	
KSYS-TV MEDFORD	OR	Community	Southern Oregon Public Television, Inc.	N	N	Y	
OREGON NETWORK	OR	Community	Oregon Public Broadcasting	N	N	Y	
WLVT-TV ALLENTOWN	PA	Community	Lehigh Valley Public Telecommunications Corp.	N	N	Y	
WQLN-TV ERIE	PA	Community	Public Broadcasting of Northwest Pennsylvania, Inc.	N	W	Y	
WITF-TV HARRISBURG	PA	Community	WITF, Inc.	N	W	Y	
WYBE-TV PHILADELPHIA	PA	Community	Independence Public Media of Philadelphia	N	N	Y	
WQED-TV PITTSBURGH	PA	Community	WQED Pittsburgh	N	N	Y	
WTCI-TV CHATTANOOGA	TN	Community	The Greater Chattanooga Public Television Corp.	N	W	Y	
WSJK-TV KNOXVILLE	TN	Community	East Tennessee Public Communications Corporation	N	V	Y	
WLJT-TV MARTIN	TN	Community	West Tennessee Public Television Council, Inc.	N	V	Y	
WKNO-TV MEMPHIS	TN	Community	The Mid-South Public Communications Foundation	N	N	Y	
WCTE-TV COOKEVILLE	TN	Community	Upper Cumberland Broadcast Council	N	V	Y	
KLRU-TV AUSTIN	TX	Community	Capital of Texas Public Telecom. Council	N	W	Y	
KEDT-TV CORPUS CHRIS	TX	Community	South Texas Public Broadcasting System, Inc.	N	N	Y	
KCOS-TV EL PASO	TX	Community	El Paso Public Television Foundation	N	N	Y	
KMBH-TV HARLINGEN	TX	Community	RGV Educational Broadcasting, Inc.	N	N	Y	
KCTF-TV WACO	TX	Community	Brazos Valley Public Broadcast Foundation	N	V	Y	
WNVT-TV ANNANDALE	VA	Community	Central Virginia Educational Telecom. Corp.	N	W	Y	
WNVC-TV FAIRFAX	VA	Community	Central Virginia Educational Telecom. Corp.	N	W	Y	
WVPT-TV HARRISONBURG	VA	Community	Shenandoah Valley Educational Television Corp.	N	W	Y	
WCVE-TV RICHMOND	VA	Community	Central Virginia Educational Telecommunications Corp.	N	W	Y	
WBRA-TV ROANOKE	VA	Community	Blue Ridge Public Television, Inc.	N	W	Y	
KCTS-TV SEATTLE	WA	Community	KCTS Television	N	W	Y	
WIPR-TV SAN JUAN	PR	Community	Puerto Rico Public Broadcasting Corporation	N	N	Y	

KLCS-TV LOS ANGELES	CA	Local Authority	Los Angeles Unified School District	N	N	Y	
WLRN-TV MIAMI	FL	Local Authority	The School Board of Miami-Dade County, Florida	N	W	Y	
WPBA-TV ATLANTA	GA	Local Authority	The Atlanta Board of Education	N	W	Y	
KSMQ-TV AUSTIN MINN	MN	Local Authority	Independent School District No. 492	N	V	Y	
WNYE-TV NEW YORK	NY	Local Authority	Board of Education of the City of New York	N	W	Y	
WDCN-TV NASHVILLE	TN	Local Authority	Board of Public Education of Davidson County, Nashville, TN	N	N	Y	
KSPS-TV SPOKANE	WA	Local Authority	Spokane School District No. 81	N	W	Y	
ALABAMA PUBLIC TELEV	AL	State	Alabama Educational Television Commission	N	W	Y	
GEORGIA NETWORK	GA	State	Georgia Public Telecommunications Commission	N	W	Y	
HAWAII NETWORK	HI	State	Hawaii Public Broadcasting Authority	N	W	Y	
KAID-TV BOISE	ID	State	Idaho State Board of Education, Board of Regents	N	W	Y	
IOWA PUBLIC TELEVISI	IA	State	Iowa Public Broadcasting Board	N	W	Y	
KENTUCKY NETWORK	KY	State	Kentucky Authority for Educational Television	N	W	Y	
LOUISIANA NETWORK	LA	State	Louisiana Educational Television Authority	N	W	Y	
MISSISSIPPI NETWORK	MS	State	Mississippi Authority for Educational Television	N	N	Y	
OKLAHOMA NETWORK	OK	State	Oklahoma Educational Television Authority	N	W	Y	
WSBE-TV PROVIDENCE	RI	State	Rhode Island Public Telecommunications Authority	N	W	Y	
SOUTH CAROLINA NETWO	SC	State	South Carolina Educational Television Commission	N	W	Y	
KBTC-TV TACOMA	WA	State	Bates Technical College	N	V	Y	
WNPB-TV MORGANTOWN	WV	State	West Virginia Educational Broadcasting Authority	N	W	Y	
WISCONSIN NETWORK	WI	State	Wisconsin Educational Communications Board	N	W	Y	
WTJX-TV ST THOMAS	VI	State	Virgin Islands Public Television System	N	W	Y	
KUAC-TV FAIRBANKS	AK	University	University of Alaska	N	V	Y	
KAET-TV PHOENIX	AZ	University	Arizona Board of Regents/Arizonia State University	N	W	Y	
KUAT-TV TUCSON	AZ	University	University of Arizona	N	W	Y	
KOCE-TV HUNTINGTON B	CA	University	Board of Trustees, Coast Community College District	N	V	Y	
KVCR-TV SAN BERNARDI	CA	University	San Bernardino Community College District	N	W	Y	
KCSM-TV SAN MATEO	CA	University	San Mateo County Community College District	N	N	Y	
KTSC-TV PUEBLO	CO	University	University of Southern Colorado	N	W	Y	
WHUT-TV WASHINGTON	DC	University	Howard University Board of Trustees	N	W	Y	
WBCC-TV COCOA	FL	University	Brevard Community College	N	N	Y	
WCEU-TV DAYTONA BEAC	FL	University	Coastal Educational Broadcasters, Inc.	N	V	Y	
WSRE-TV PENSACOLA	FL	University	District Board of Trustees, Pensacola Junior College	N	V	Y	
WFSU-TV TALLAHASSEE	FL	University	Board of Regents of Florida/Florida State University	N	W	Y	
WGCU-TV FT MYERS	FL	University	Florida Gulf Coast Universtiy	N	W	Y	
WUSF-TV TAMPA	FL	University	University of South Florida	N	V	Y	
WSIU-TV CARBONDALE	IL	University	Board of Trustees, Southern Illinois University	N	N	Y	
WEIU-TV CHARLESTON	IL	University	Eastern Illinois University	N	W	Y	
WYCC-TV CHICAGO	IL	University	Board of Trustees, Community College District #508	N	V	Y	
WQPT-TV MOLINE	IL	University	Black Hawk College	N	V	Y	
WUSI-TV OLNEY	IL	University	Board of Trustees, Southern Illinois University	N	N	Y	
WTIU-TV BLOOMINGTON	IN	University	Trustees of Indiana University	N	W	Y	
WTBU-TV INDIANAPOLIS	IN	University	Butler University	N	W	Y	
WIPB-TV MUNCIE	IN	University	Ball State University	N	N	Y	

WVUT-TV VINCENNES	IN	University	Board of Trustees for the Vincennes University		N	N	Y	
KTWU-TV TOPEKA	KS	University	Washburn University of Topeka		N	V	Y	
WKYU-TV BOWLING GREE	KY	University	Western Kentucky University		N	W	Y	
WKAR-TV EAST LANSING	MI	University	Board of Trustees, Michigan State University		N	N	Y	
WFUM-TV FLINT	MI	University	The Regents of the University of Michigan		N	W	Y	
WGVU-TV GRAND RAPIDS	MI	University	Board of Control, Grand Valley State University		N	W	Y	
WNMU-TV MARQUETTE	MI	University	Board of Control of Northern Michigan University		N	V	Y	
WCMU-TV MT PLEASANT	MI	University	Central Michigan University		N	W	Y	
WDCQ-TV UNIVERSITY C	MI	University	Delta College		N	N	Y	
KMOS-TV WARRENSBURG	MO	University	Central Missouri State University Board of Governors		N	W	Y	
KUSM-TV BOZEMAN	MT	University	Montana State University		N	V	Y	
KNME-TV ALBUQUERQUE	NM	University	Board of Regents of the University of New Mexico Albuquerque		N	W	Y	
KRWG-TV LAS CRUCES	NM	University	Regents of New Mexico State University		N	W	Y	
KENW-TV PORTALES	NM	University	Eastern New Mexico University		N	N	Y	
UNC-TV	NC	University	University of North Carolina Center for Public Television		N	W	Y	
WOUB-TV ATHENS	OH	University	Ohio University		N	N	Y	
WBGU-TV BOWLING GREE	OH	University	Bowling Green State University		N	W	Y	
WOSU-TV COLUMBUS	OH	University	The Ohio State University		N	W	Y	
KRSC-TV CLAREMORE	OK	University	Board of Regents of Rogers University		N	N	Y	
WPSX-TV UNIVERSITY P	PA	University	The Pennsylvania State University		N	W	Y	
KACV-TV AMARILLO	TX	University	Amarillo Junior College District		N	W	Y	
KAMU-TV COLLEGE STAT	TX	University	Texas A&M University		N	V	Y	
KUHT-TV HOUSTON	TX	University	The University of Houston System		N	W	Y	
KNCT-TV KILLEEN	TX	University	Central Texas College		N	W	Y	
KTXT-TV LUBBOCK	TX	University	Texas Tech University		N	W	Y	
KOCV-TV ODESSA	TX	University	Odessa Junior College District		N	V	Y	
KULC-TV OGDEN	UT	University	Utah State Board of Regents		N	W	Y	
KBYU-TV PROVO	UT	University	Brigham Young University		N	W	Y	
KUED-TV SALT LAKE CI	UT	University	University of Utah		N	W	Y	
KWSU-TV PULLMAN	WA	University	Washington State University		N	V	Y	
WHA -TV MADISON	WI	University	Board of Regents of the University of Wisconsin System		N	W	Y	
WMVS-TV MILWAUKEE	WI	University	Milwaukee Area Technical College District		N	W	Y	
KCWC-TV RIVERTON	WY	University	Central Wyoming College		N	W	Y	
WMTJ-TV FAJARDO	PR	University	Sistema Universitario Ana G. Mendez, Inc.		N	N	Y	
KGTF-TV GUAM	GU	Community	Guam Educational Telecommunications Corporation		*	*		
KVZK-TV PAGO PAGO	AS	State	Office of Public Information, Government of American Samoa		*	*		
Total Television Stations Reporting No Exchange/Rental (152)								

Public Radio Stations								
KSKO-AM MCGRATH	AK	Community	Kuskokwim Public Broadcasting Corporation		N	W	Y	
KPRG-FM MANGILAO	GU	Community	Guam Educational Radio Foundation		N	W	Y	
WMPN-FM JACKSON	MS	State	Mississippi Authority for Educational Television		N	N	Y	
KSKA-FM ANCHORAGE	AK	Community	Alaska Public Telecommunications, Inc.		N	N	Y	
KNBA-FM ANCHORAGE	AK	Community	Koahnic Broadcasting Corporation		N	N	Y	
KBRW-AM BARROW	AK	Community	Silakkuagvik Communications, Inc.		N	W	Y	
KYUK-AM BETHEL	AK	Community	Bethel Broadcasting, Inc.		N	V	Y	
KIYU-AM GALENA	AK	Community	Big River Public Broadcasting Corporation		N	W	Y	
KBBI-AM HOMER	AK	Community	Kachemak Bay Broadcasting, Inc.		N	N	Y	
KTOO-FM JUNEAU	AK	Community	Capital Community Broadcasting, Inc.		N	V	Y	
KRBD-FM KETCHIKAN	AK	Community	Rainbird Community Broadcasting Corporation		N	N	Y	
KMXT-FM KODIAK	AK	Community	Kodiak Public Broadcasting Corporation		N	V	Y	
KFSK-FM PETERSBURG	AK	Community	Narrows Broadcasting Corporation		N	N	Y	
KSDP-AM SAND POINT	AK	Community	Aleutian Peninsula Broadcasting, Inc.		N	N	Y	
KCAW-FM SITKA	AK	Community	Raven Radio Foundation		N	W	Y	
KTNA-FM TALKEETNA	AK	Community	Talkeetna Community Radio, Inc.		N	N	Y	
KIAL-AM UNALASKA	AK	Community	Unalaska Community Broadcasting, Inc.		N	N	Y	
KSTK-FM WRANGELL	AK	Community	Wrangell Radio Group, Inc.		N	W	Y	
KXCI-FM TUCSON	AZ	Community	Foundation for Creative Broadcasting, Inc.		N	W	Y	
KNNB-FM WHITERIVER	AZ	Community	Apache Radio Broadcasting Corporation		N	W	Y	
KABF-FM LITTLE ROCK	AR	Community	Arkansas Broadcasting Foundation, Inc.		N	N	Y	
KPFA-FM BERKELEY	CA	Community	Pacifica Foundation		N	W	Y	
KSJV-FM FRESNO	CA	Community	Radio Bilingue, Inc.		N	N	Y	
KPFK-FM LOS ANGELES	CA	Community	Pacifica Foundation		N	W	Y	
KVMR-FM NEVADA CITY	CA	Community	Nevada City Community Broadcast Group		N	N	Y	
KZYX-FM PHILO	CA	Community	Mendocino County Public Broadcasting		N	W	Y	
KMUD-FM REDWAY	CA	Community	Redwood Community Radio		N	V	Y	
KRCB-FM ROHNERT PARK	CA	Community	Rural California Broadcasting Corporation		N	N	Y	
KCBX-FM SAN LUIS OBI	CA	Community	KCBX, Inc.		N	W	Y	
KUSP-FM SANTA CRUZ	CA	Community	Pataphysical Broadcasting Foundation, Inc.		N	N	Y	
KBBF-FM SANTA ROSA	CA	Community	Bilingual Broadcasting Foundation, Inc.		N	W	Y	
KVPR-FM FRESNO	CA	Community	White Ash Broadcasting, Inc.		N	W	Y	
KRZA-FM ALAMOSA	CO	Community	Equal Rep. of Media Advocacy Corp.		N	V	Y	
KGNU-FM BOULDER	CO	Community	Boulder Community Broadcast Association, Inc.		N	W	Y	
KBUT-FM CRESTED BUTT	CO	Community	Crested Butte Mountain Educational Radio Inc.		N	N	Y	
KCFR-FM DENVER	CO	Community	Public Broadcasting of Colorado, Inc.		N	W	Y	
KUVO-FM DENVER	CO	Community	Denver Educational Broadcasting, Inc.		N	W	Y	
KVNF-FM PAONIA	CO	Community	North Fork Valley Public Radio, Inc.		N	W	Y	
KOTO-FM TELLURIDE	CO	Community	San Miguel Educational Fund		N	N	Y	
WPFW-FM WASHINGTON	DC	Community	Pacifica Foundation		N	W	Y	
WXEL-FM WEST PALM BE	FL	Community	Barry Telecommunications, Inc.		N	V	Y	
WJCT-FM JACKSONVILLE	FL	Community	WJCT, Inc.		N	W	Y	
WMFE-FM ORLANDO	FL	Community	Community Communications, Inc.		N	N	Y	
WMNF-FM TAMPA	FL	Community	Nathan B. Stubblefield Foundation		N	V	Y	

WRFG-FM ATLANTA	GA	Community	Radio Free Georgia Broadcasting Foundation		N	W	Y	
KHPR-FM HONOLULU	HI	Community	Hawaii Public Radio		N	W	Y	
WEFT-FM CHAMPAIGN	IL	Community	Prairie Air Inc.		N	V	Y	
WBEZ-FM CHICAGO	IL	Community	The WBEZ Alliance, Inc.		N	W	Y	
WNIN-FM EVANSVILLE	IN	Community	Tri-State Public Teleplex, Inc.		N	W	Y	
WBNI-FM FORT WAYNE	IN	Community	Public Broadcasting of Northeast Indiana, Inc.		N	V	Y	
WFYI-FM INDIANAPOLIS	IN	Community	Metropolitan Indianapolis Public Broadcasting, Inc.		N	W	Y	
KBBG-FM WATERLOO	IA	Community	Afro American Community Broadcasting, Inc.		N	V	Y	
KANZ-FM GARDEN CITY	KS	Community	The Kanza Society, Inc.		N	V	Y	
WMMT-FM WHITESBURG	KY	Community	Appalshop Inc.		N	W	Y	
WRKF-FM BATON ROUGE	LA	Community	Public Radio, Inc.		N	W	Y	
WERU-FM BLUE HILL FA	ME	Community	Salt Pond Community Broadcasting Co.		N	V	Y	
WSCL-FM SALISBURY	MD	Community	Salisbury State University Foundation, Inc.		N	W	Y	
WICN-FM WORCESTER	MA	Community	WICN Public Radio, Inc.		N	N	Y	
KAXE-FM GRAND RAPIDS	MN	Community	Northern Community Radio, Inc.		N	N	Y	
KFAI-FM MINNEAPOLIS	MN	Community	Fresh Air Incorporated		N	W	Y	
KOPN-FM COLUMBIA	MO	Community	New Wave Corporation		N	W	Y	
KKFI-FM KANSAS CITY	MO	Community	Mid-Coast Radio Project, Inc.		N	N	Y	
KDHX-FM ST. LOUIS	MO	Community	Double Helix Corporation		N	W	Y	
KZUM-FM LINCOLN	NE	Community	Sunrise Communicators		N	W	Y	
KLNR-FM PANACA	NV	Community	Nevada Public Radio Corporation		N	V	Y	
KNPR-FM LAS VEGAS	NV	Community	Nevada Public Radio Corporation		N	V	Y	
WEVO-FM CONCORD	NH	Community	New Hampshire Public Radio, Incorporated		N	N	Y	
WBGO-FM NEWARK	NJ	Community	Newark Public Radio, Inc.		N	V	Y	
WAMC-FM ALBANY	NY	Community	WAMC		N	W	Y	
WSKG-FM BINGHAMTON	NY	Community	WSKG Public Telecommunications Council		N	W	Y	
WJFF-FM JEFFERSONVIL	NY	Community	Radio Catskill		N	N	Y	
WBAI-FM NEW YORK	NY	Community	Pacifica Foundation		N	W	Y	
WNYC-AM NEW YORK	NY	Community	WNYC Radio		N	W	Y	
WNYC-FM NEW YORK	NY	Community	WNYC Radio		N	W	Y	
WXXI-AM ROCHESTER	NY	Community	WXXI Public Broadcasting Council		N	W	Y	
WXXI-FM ROCHESTER	NY	Community	WXXI Public Broadcasting Council		N	W	Y	
WCQS-FM ASHEVILLE	NC	Community	Western North Carolina Public Radio, Inc.		N	W	Y	
WFAE-FM CHARLOTTE	NC	Community	University Radio Foundation, Inc.		N	W	Y	
WZRU-FM ROANOKE RAPI	NC	Community	Roanoke Valley Communications, Inc.		N	W	Y	
WHQR-FM WILMINGTON	NC	Community	Friends of Public Radio, Inc.		N	V	Y	
KEYA-FM BELCOURT	ND	Community	KEYA, Inc.		N	W	Y	
KCND-FM FARGO	ND	Community	Prairie Public Broadcasting, Inc.		N	W	Y	
WCPN-FM CLEVELAND	OH	Community	Cleveland Public Radio		N	N	Y	
WDPR-FM WEST CARROLL	OH	Community	Dayton Public Radio, Inc.		N	W	Y	
WGTE-FM TOLEDO	OH	Community	Public Broadcasting Foundation of Northwest Ohio		N	W	Y	
KMUN-FM ASTORIA	OR	Community	Tillicum Foundation		N	W	Y	
KOAC-AM CORVALLIS	OR	Community	Oregon Public Broadcasting		N	W	Y	
KBOO-FM PORTLAND	OR	Community	The KBOO Foundation		N	W	Y	
KOPB-FM PORTLAND	OR	Community	Oregon Public Broadcasting		N	W	Y	
WDIY-FM BETHLEHEM	PA	Community	Lehigh Valley Community Broadcasters Association		N	N	Y	
WQLN-FM ERIE	PA	Community	Public Broadcasting of Northwest Pennsylvania, Inc.		N	W	Y	

WITF-FM HARRISBURG	PA	Community	WITF, Inc.		N	W	Y	
WLCH-FM LANCASTER	PA	Community	Spanish American Civic Association for Equality, Inc.		N	W	Y	
WQED-FM PITTSBURGH	PA	Community	WQED Pittsburgh		N	N	Y	
WYEP-FM PITTSBURGH	PA	Community	Pittsburgh Community Broadcasting Corporation		N	N	Y	
KILI-FM PORCUPINE	SD	Community	Lakota Communications, Inc.		N	N	Y	
WKNO-FM MEMPHIS	TN	Community	The Mid-South Public Communications Foundation		N	N	Y	
WPLN-FM NASHVILLE	TN	Community	Nashville Public Radio		N	W	Y	
KEDT-FM CORPUS CHRIS	TX	Community	South Texas Public Broadcasting System, Inc.		N	V	Y	
KMBH-FM HARLINGEN	TX	Community	RGV Educational Broadcasting, Inc.		N	N	Y	
KPFT-FM HOUSTON	TX	Community	Pacifica Foundation		N	W	Y	
KPAC-FM SAN ANTONIO	TX	Community	Texas Public Radio		N	N	Y	
KSTX-FM SAN ANTONIO	TX	Community	Texas Public Radio		N	N	Y	
KZMU-FM MOAB	UT	Community	Moab Public Radio		N	N	Y	
KPCW-FM PARK CITY	UT	Community	Community Wireless of Park City, Inc.		N	N	Y	
KRCL-FM SALT LAKE CI	UT	Community	Listeners Community Radio of Utah, Inc.		N	W	Y	
WVPR-FM WINDSOR	VT	Community	Vermont Public Radio		N	W	Y	
WHRV-FM NORFOLK	VA	Community	Hampton Roads Educational Telecommunications Assoc., Inc.		N	W	Y	
WCVE-FM RICHMOND	VA	Community	Central Virginia Educational Telecommunications Corp.		N	W	Y	
KDNA-FM GRANGER	WA	Community	Northwest Communities' Education Center		N	W	Y	
KSER-FM LYNNWOOD	WA	Community	KSER Foundation		N	W	Y	
KPBX-FM SPOKANE	WA	Community	Spokane Public Radio		N	V	Y	
WVMR-AM DUNMORE	WV	Community	Pocahontas Communications Cooperative Corporation		N	N	Y	
WOJB-FM HAYWARD	WI	Community	Lac Courte Oreilles Ojibwa Public Broadcasting Corporation		N	N	Y	
WORT-FM MADISON	WI	Community	Back Porch Radio Broadcasting, Inc.		N	W	Y	
WXPR-FM RHINELANDER	WI	Community	White Pine Community Broadcasting, Inc.		N	N	Y	
WIPR-AM HATO REY	PR	Community	Puerto Rico Public Broadcasting Corporation		N	N	Y	
WIPR-FM HATO REY	PR	Community	Puerto Rico Public Broadcasting Corporation		N	N	Y	
KKCR-FM HANALEI	HI	Community	Kekahu Foundation, Inc.		N	N	Y	
WRTE-FM	IL	Community	Mexican Fine Arts Center Museum		N	W	Y	
KCUK-FM CHEVAK	AK	Local Authority	Kashunamiut School District		N	W	Y	
KDLG-AM DILLINGHAM	AK	Local Authority	Dillingham City School District		N	N	Y	
KUHB-FM ST. PAUL ISL	AK	Local Authority	Pribilof School District		N	N	Y	
KUAR-FM LITTLE ROCK	AR	Local Authority	Little Rock School District/University of Arkansas		N	V	Y	
KALW-FM SAN FRANCISC	CA	Local Authority	San Francisco Unified School District		N	W	Y	
KSUT-FM IGNACIO	CO	Local Authority	KUTE, Inc.		N	V	Y	
WMNR-FM MONROE	CT	Local Authority	The Monroe Board of Education		N	W	Y	
WLRN-FM MIAMI	FL	Local Authority	The School Board of Miami-Dade County, Florida		N	V	Y	
WABE-FM ATLANTA	GA	Local Authority	The Atlanta Board of Education		N	W	Y	
WVPE-FM ELKHART	IN	Local Authority	Elkhart Community Schools Corp.		N	W	Y	
WFPK-FM LOUISVILLE	KY	Local Authority	Louisville Free Public Library		N	N	Y	
WFPL-FM LOUISVILLE	KY	Local Authority	Louisville Free Public Library		N	N	Y	
WBRH-FM BATON ROUGE	LA	Local Authority	East Baton Rouge Parish School Board		N	W	Y	
KBEM-FM MINNEAPOLIS	MN	Local Authority	Board of Education, Special School District #1		N	W	Y	
KIOS-FM OMAHA	NE	Local Authority	Douglas County School District 001		N	W	Y	
KCEP-FM LAS VEGAS	NV	Local Authority	Economic Opportunity Board of Clark County		N	N	Y	
KANW-FM ALBUQUERQUE	NM	Local Authority	Board of Education of the City of Albuquerque		N	W	Y	
KABR-AM MAGDALENA	NM	Local Authority	Alamo Navajo School Board		N	N	Y	

KTDB-FM PINE HILL	NM	Local Authority	Ramah Navajo School Board, Inc.		N	N	Y	
KSHI-FM ZUNI	NM	Local Authority	Zuni Communications Authority		N	N	Y	
WNYE-FM BROOKLYN	NY	Local Authority	Board of Education of the City of New York		N	N	Y	
WAPS-FM AKRON	OH	Local Authority	Board of Education, Akron City School District		N	W	Y	
WCBE-FM COLUMBUS	OH	Local Authority	Board of Education of the City School District of Columbus, Ohio		N	W	Y	
KRVM-FM EUGENE	OR	Local Authority	School District 4J, Lane County		N	W	Y	
KBPS-FM PORTLAND	OR	Local Authority	School District #1, Multnomah County, Oregon		N	W	Y	
WYPL-FM MEMPHIS	TN	Local Authority	Cossitt Library		N	N	Y	
WYMS-FM MILWAUKEE	WI	Local Authority	Milwaukee Board of School Directors		N	W	Y	
WLRH-FM HUNTSVILLE	AL	State	Alabama Educational Television Commission		N	W	Y	
WUGA-FM ATHENS	GA	State	Georgia Public Telecommunications Commission		N	W	Y	
WJSP-FM COLUMBUS	GA	State	Georgia Public Telecommunications Commission		N	W	Y	
WSVH-FM SAVANNAH	GA	State	Georgia Public Telecommunications Commission		N	W	Y	
KUCV-FM LINCOLN	NE	State	Nebraska Educational Telecommunications Commission		N	W	Y	
WLTR-FM COLUMBIA	SC	State	South Carolina Educational Television Commission		N	V	Y	
KUSD-FM VERMILLION	SD	State	South Dakota Board of Directors for Educ. Telecommunications		N	N	Y	
WERN-FM MADISON	WI	State	Wisconsin Educational Communications Board		N	W	Y	
WHAD-FM DELAFIELD/MI	WI	State	Wisconsin Educational Communications Board		N	W	Y	
WVPN-FM CHARLESTON	WV	State	West Virginia Educational Broadcasting Authority		N	W	Y	
WBHM-FM BIRMINGHAM	AL	University	University of Alabama at Birmingham		N	W	Y	
WJAB-FM HUNTSVILLE	AL	University	Alabama A&M University		N	N	Y	
WHIL-FM MOBILE	AL	University	Spring Hill College		N	W	Y	
WVAS-FM MONTGOMERY	AL	University	Alabama State University		N	N	Y	
WTSU-FM TROY	AL	University	Troy State University		N	N	Y	
WUAL-FM UNIVERSITY	AL	University	Board of Trustees of the University of Alabama		N	W	Y	
KUAC-FM FAIRBANKS	AK	University	University of Alaska		N	W	Y	
KNAU-FM FLAGSTAFF	AZ	University	Arizona Board of Regents/Northern Arizona University		N	W	Y	
KBAQ-FM MESA	AZ	University	Maricopa County Com. College District/Arizona State University		N	W	Y	
KJZZ-FM PHOENIX	AZ	University	Maricopa County Community College District		N	W	Y	
KUAZ-FM TUCSON	AZ	University	University of Arizona		N	W	Y	
KUAT-FM TUCSON	AZ	University	University of Arizona		N	W	Y	
KAWC-AM YUMA	AZ	University	Arizona Western College		N	N	Y	
KUAF-FM FAYETTEVILLE	AR	University	Board of Trustees, University of Arkansas		N	V	Y	
KASU-FM JONESBORO	AR	University	Arkansas State University		N	W	Y	
KHSU-FM ARCATA	CA	University	Humboldt State University		N	W	Y	
KCHO-FM CHICO	CA	University	California State University, Chico Research Foundation		N	N	Y	
KLON-FM LONG BEACH	CA	University	California State University, Long Beach Foundation		N	W	Y	
KUSC-FM LOS ANGELES	CA	University	University of Southern California		N	W	Y	
KCSN-FM NORTHRIDGE	CA	University	The University Corporation/CA State University		N	N	Y	
KPCC-FM PASADENA	CA	University	Pasadena Area Community College District		N	W	Y	
KXPR-FM SACRAMENTO	CA	University	California State University, Sacramento		N	V	Y	
KVCR-FM SAN BERNARDI	CA	University	San Bernardino Community College District		N	W	Y	
KXJZ-FM SACRAMENTO	CA	University	California State University, Sacramento		N	V	Y	
KPBS-FM SAN DIEGO	CA	University	San Diego State University		N	N	Y	
KCSM-FM SAN MATEO	CA	University	San Mateo County Community College District		N	Y	Y	
KCRW-FM SANTA MONICA	CA	University	Santa Monica Community College District		N	W	Y	
KUOP-FM STOCKTON	CA	University	University of the Pacific		N	W	Y	

KRCC-FM COLORADO SPR	CO	University	The Colorado College		N	W	Y	
KUNC-FM GREELEY	CO	University	Trustees for the University of Northern Colorado		N	W	Y	
WSHU-FM FAIRFIELD	CT	University	Sacred Heart University, Inc.		N	W	Y	
WHUS-FM STORRS	CT	University	The Board of Trustees, University of Connecticut		N	N	Y	
WAMU-FM WASHINGTON	DC	University	The American University		N	V	Y	
WGCU-FM FT MYERS	FL	University	Florida Gulf Coast Universtiy		N	W	Y	
WQCS-FM FORT PIERCE	FL	University	District Board of Trustees/Indian River Community College		N	N	Y	
WFIT-FM MELBOURNE	FL	University	Florida Institute of Technology		N	W	Y	
WUCF-FM ORLANDO	FL	University	University of Central Florida		N	W	Y	
WKGC-FM PANAMA CITY	FL	University	Gulf Coast Community College		N	W	Y	
WUWF-FM PENSACOLA	FL	University	Board of Regents of Florida/University of West Florida		N	W	Y	
WFSU-FM TALLAHASSEE	FL	University	Board of Regents of Florida/Florida State University		N	W	Y	
WUSF-FM TAMPA	FL	University	University of South Florida		N	V	Y	
WCLK-FM ATLANTA	GA	University	Clark Atlanta University		N	N	Y	
KBSU-FM BOISE	ID	University	Boise State University		N	W	Y	
KBSW-FM BOISE	ID	University	Boise State University		N	W	Y	
KRFA-FM MOSCOW	ID	University	Washington State University		N	W	Y	
WSIU-FM CARBONDALE	IL	University	Board of Trustees, Southern Illinois University		N	N	Y	
WNIJ-FM ROCKFORD	IL	University	Board of Trustees of Northern Illinois University		N	V	Y	
WNIU-FM DEKALB	IL	University	Board of Trustees of Northern Illinois University		N	V	Y	
WSIE-FM EDWARDSVILLE	IL	University	Board of Trustees, Southern Illinois University		N	W	Y	
WDCB-FM GLEN ELLYN	IL	University	College of DuPage, District 502		N	W	Y	
WIUM-FM MACOMB	IL	University	Western Illinois University		N	W	Y	
WGLT-FM NORMAL	IL	University	Illinois State University		N	W	Y	
WCBU-FM PEORIA	IL	University	Bradley University		N	N	Y	
WQUB-FM QUINCY	IL	University	Quincy University Corporation		N	W	Y	
WVIK-FM ROCK ISLAND	IL	University	Augustana College		N	V	Y	
WUIS-FM SPRINGFIELD	IL	University	University of Illinois at Springfield		N	V	Y	
WFIU-FM BLOOMINGTON	IN	University	Trustees of Indiana University		N	W	Y	
WBAA-FM WEST LAFAYET	IN	University	Purdue University		N	W	Y	
WBST-FM MUNCIE	IN	University	Ball State University		N	W	Y	
WVUB-FM VINCENNES	IN	University	Board of Trustees for the Vincennes University		N	N	Y	
WOI -AM AMES	IA	University	Iowa State University of Science and Technology		N	W	Y	
WOI -FM AMES	IA	University	Iowa State University of Science and Technology		N	W	Y	
KUNI-FM CEDAR FALLS	IA	University	University of Northern Iowa		N	W	Y	
KHKE-FM CEDAR FALLS	IA	University	University of Northern Iowa		N	W	Y	
KCCK-FM CEDAR RAPIDS	IA	University	Kirkwood Community College		N	W	Y	
KIWR-FM COUNCIL BLUF	IA	University	Iowa Western Community College		N	W	Y	
KTPR-FM FORT DODGE	IA	University	Iowa Central Community College		N	W	Y	
WSUI-AM IOWA CITY	IA	University	The University of Iowa		N	N	Y	
KSUI-FM IOWA CITY	IA	University	The University of Iowa		N	N	Y	
KWIT-FM SIOUX CITY	IA	University	Western Iowa Tech Community College		N	W	Y	
KHCC-FM HUTCHINSON	KS	University	Hutchinson Community College		N	N	Y	
KRPS-FM PITTSBURG	KS	University	Pittsburg State University		N	N	Y	
KMUW-FM WICHITA	KS	University	Wichita State University		N	N	Y	
WKYU-FM BOWLING GREE	KY	University	Western Kentucky University		N	W	Y	
WNKU-FM HIGHLAND HEI	KY	University	Board of Regents, Northern Kentucky University		N	N	Y	

WUKY-FM LEXINGTON	KY	University	University of Kentucky Board of Trustees		N	V	Y	
WUOL-FM LOUISVILLE	KY	University	University of Louisville		N	W	Y	
WMKY-FM MOREHEAD	KY	University	Morehead State University		N	W	Y	
WKMS-FM MURRAY	KY	University	Board of Regents, Murray State University		N	N	Y	
WEKU-FM RICHMOND	KY	University	Eastern Kentucky University		N	N	Y	
KSLU-FM HAMMOND	LA	University	Southeastern Louisiana University		N	N	Y	
KRVS-FM LAFAYETTE	LA	University	The University of Southwestern Louisiana		N	N	Y	
KEDM-FM MONROE	LA	University	University of Louisiana System/State Colleges & Universities		N	W	Y	
WWNO-FM NEW ORLEANS	LA	University	Louisiana State University A&M College		N	V	Y	
KDAQ-FM SHREVEPORT	LA	University	Louisiana State University and A&M College		N	V	Y	
WMPG-FM PORTLAND	ME	University	University of Maine System		N	W	Y	
WBJC-FM BALTIMORE	MD	University	Baltimore City Community College		N	W	Y	
WJHU-FM BALTIMORE	MD	University	The Johns Hopkins University		N	W	Y	
WESM-FM PRINCESS ANN	MD	University	University of Maryland Eastern Shore		N	N	Y	
WFCR-FM AMHERST	MA	University	Trustees, University of Massachusetts		N	W	Y	
WBUR-FM BOSTON	MA	University	Executive Committee of The Trustees of Boston University		N	W	Y	
WUMB-FM BOSTON	MA	University	Trustees, University of Massachusetts		N	W	Y	
WUOM-FM ANN ARBOR	MI	University	The Regents of the University of Michigan		N	N	Y	
WDET-FM DETROIT	MI	University	Wayne State University		N	V	Y	
WKAR-AM EAST LANSING	MI	University	Board of Trustees, Michigan State University		N	N	Y	
WKAR-FM EAST LANSING	MI	University	Board of Trustees, Michigan State University		N	N	Y	
WGVU-AM GRAND RAPIDS	MI	University	Board of Control, Grand Valley State University		N	W	Y	
WGVU-FM GRAND RAPIDS	MI	University	Board of Control, Grand Valley State University		N	W	Y	
WIAA-FM INTERLOCHEN	MI	University	Interlochen Center for the Arts		N	W	Y	
WMUK-FM KALAMAZOO	MI	University	Western Michigan University		N	W	Y	
WNMU-FM MARQUETTE	MI	University	Board of Control of Northern Michigan University		N	V	Y	
WCMU-FM MT PLEASANT	MI	University	Central Michigan University		N	W	Y	
WBLV-FM TWIN LAKE	MI	University	Blue Lake Fine Arts Camp		N	V	Y	
WEMU-FM YPSILANTI	MI	University	Eastern Michigan University		N	W	Y	
KUOM-AM MINNEAPOLIS	MN	University	University of Minnesota		N	W	Y	
KUMD-FM DULUTH	MN	University	University of Minnesota		N	V	Y	
WCAL-FM MINNEAPOLIS/	MN	University	St. Olaf College		N	W	Y	
WUSM-FM HATTIESBURG	MS	University	University of Southern Mississippi		N	W	Y	
WJSU-FM JACKSON	MS	University	Jackson State University		N	N	Y	
WPRL-FM LORMAN	MS	University	Alcorn State University		N	N	Y	
KRCU-FM CAPE GIRARDE	MO	University	Board of Regents of Southeast Missouri State University		N	V	Y	
KBIA-FM COLUMBIA	MO	University	The Curators of the University of Missouri		N	W	Y	
KJLU-FM JEFFERSON CI	MO	University	Board of Curators of Lincoln University		N	W	Y	
KXCV-FM MARYVILLE	MO	University	Board of Regents for Northwest Missouri State University		N	W	Y	
KUMR-FM ROLLA	MO	University	The Curators of the University of Missouri		N	W	Y	
KWMU-FM ST LOUIS	MO	University	The Curators of the University of Missouri		N	V	Y	
KSMU-FM SPRINGFIELD	MO	University	Southwest Missouri State University		N	V	Y	
KCMW-FM WARRENSBURG	MO	University	Central Missouri State University Board of Governors		N	W	Y	
KEMC-FM BILLINGS	MT	University	Montana State University - Billings		N	V	Y	
KUFM-FM MISSOULA	MT	University	University of Montana		N	W	Y	
KVNO-FM OMAHA	NE	University	Board of Regents/University of Nebraska of Omaha		N	W	Y	
KUNR-FM RENO	NV	University	University of Nevada, Reno		N	W	Y	

WBJB-FM LINCROFT	NJ	University	Brookdale Community College		N	W	Y	
WWFM-FM TRENTON	NJ	University	Mercer County Community College		N	W	Y	
KUNM-FM ALBUQUERQUE	NM	University	Regents of the University of New Mexico		N	V	Y	
KRWG-FM LAS CRUCES	NM	University	Regents of New Mexico State University		N	V	Y	
KENW-FM PORTALES	NM	University	Eastern New Mexico University		N	W	Y	
WFUV-FM NEW YORK	NY	University	Fordham University, Executive Committee Board of Trustees		N	W	Y	
WBFO-FM BUFFALO	NY	University	State University of New York		N	N	Y	
WSLU-FM CANTON	NY	University	The St. Lawrence University		N	W	Y	
WEOS-FM GENEVA	NY	University	The Colleges of the Seneca		N	W	Y	
WRVO-FM OSWEGO	NY	University	Board of Trustees, State University of New York		N	N	Y	
WPBX-FM SOUTHAMPTON	NY	University	Long Island University		N	N	Y	
WAER-FM SYRACUSE	NY	University	Syracuse University		N	V	Y	
WUNC-FM CHAPEL HILL	NC	University	Board of Trustees/University of North Carolina at Chapel Hill		N	W	Y	
WDAV-FM DAVIDSON	NC	University	Trustees of Davidson College		N	N	Y	
WNCU-FM DURHAM	NC	University	North Carolina Central University		N	N	Y	
WRVS-FM ELIZABETH CI	NC	University	Elizabeth City State University		N	N	Y	
WFSS-FM FAYETTEVILLE	NC	University	Fayetteville State University		N	N	Y	
WTEB-FM NEW BERN	NC	University	Board of Trustees for Craven Community College		N	W	Y	
WSHA-FM RALEIGH	NC	University	Shaw University		N	W	Y	
WNCW-FM SPINDALE	NC	University	Isothermal Community College		N	W	Y	
WFDD-FM WINSTON SALE	NC	University	Wake Forest University		N	W	Y	
KDSU-FM FARGO	ND	University	Prairie Public Broadcasting, Inc.		N	W	Y	
WOUB-AM ATHENS	OH	University	Ohio University		N	N	Y	
WOUB-FM ATHENS	OH	University	Ohio University		N	N	Y	
WVXU-FM CINCINNATI	OH	University	Xavier University Board of Trustees		N	W	Y	
WOSU-AM COLUMBUS	OH	University	Ohio State University		N	W	Y	
WOSU-FM COLUMBUS	OH	University	Ohio State University		N	W	Y	
WKSU-FM KENT	OH	University	Kent State University		N	W	Y	
WMUB-FM OXFORD	OH	University	The President and Trustees of the Miami University		N	W	Y	
WCSU-FM WILBERFORCE	OH	University	Central State University		N	N	Y	
WYSO-FM YELLOW SPRIN	OH	University	Antioch College		N	N	Y	
WYSU-FM YOUNGSTOWN	OH	University	Youngstown State University		N	W	Y	
KCSC-FM EDMOND	OK	University	University of Central Oklahoma		N	W	Y	
KCCU-FM LAWTON	OK	University	Cameron University		N	N	Y	
KGOU-FM NORMAN	OK	University	The University of Oklahoma		N	W	Y	
KOSU-FM STILLWATER	OK	University	Oklahoma State University		N	W	Y	
KWGS-FM TULSA	OK	University	The University of Tulsa		N	W	Y	
KSOR-FM ASHLAND	OR	University	State of Oregon/Southern Oregon State College		N	W	Y	
KSJK-AM ASHLAND	OR	University	State of Oregon/Southern Oregon State College		N	W	Y	
KWAX-FM EUGENE	OR	University	State of Oregon/The University of Oregon		N	W	Y	
KLCC-FM EUGENE	OR	University	Lane Community College		N	W	Y	
KMHD-FM GRESHAM	OR	University	Mount Hood Community College		N	W	Y	
WRTI-FM PHILADELPHIA	PA	University	Temple University		N	W	Y	
WXPN-FM PHILADELPHIA	PA	University	Trustees of the University of Pennsylvania		N	N	Y	
WDUQ-FM PITTSBURGH	PA	University	Duquesne University		N	W	Y	
WPSU-FM UNIVERSITY P	PA	University	The Pennsylvania State University		N	W	Y	
WSSB-FM ORANGEBURG	SC	University	South Carolina State University		N	N	Y	

WUTC-FM CHATTANOOGA	TN	University	University of Tennessee at Chattanooga		N	W	Y	
WETS-FM JOHNSON CITY	TN	University	East Tennessee State University		N	W	Y	
WUOT-FM KNOXVILLE	TN	University	University of Tennessee		N	N	Y	
WMOT-FM MURFREESBORO	TN	University	Middle Tennessee State University		N	W	Y	
KUT -FM AUSTIN	TX	University	The University of Texas at Austin		N	N	Y	
KVLU-FM BEAUMONT	TX	University	Lamar University		N	W	Y	
KAMU-FM COLLEGE STAT	TX	University	Texas A&M University		N	V	Y	
KETR-FM COMMERCE	TX	University	Texas A&M University-Commerce		N	W	Y	
KTEP-FM EL PASO	TX	University	University of Texas at El Paso		N	V	Y	
KTSU-FM HOUSTON	TX	University	Texas Southern University		N	N	Y	
KUHF-FM HOUSTON	TX	University	The University of Houston System		N	W	Y	
KTPB-FM KILGORE	TX	University	Kilgore Junior College		N	W	Y	
KNCT-FM KILLEEN	TX	University	Central Texas College		N	W	Y	
KOHM-FM LUBBOCK	TX	University	Texas Tech University		N	V	Y	
KOCV-FM ODESSA	TX	University	Odessa Junior College District		N	V	Y	
KTXK-FM TEXARKANA	TX	University	Texarkana College		N	W	Y	
KUSU-FM LOGAN	UT	University	Utah State University		N	W	Y	
KBYU-FM PROVO	UT	University	Brigham Young University		N	W	Y	
KUER-FM SALT LAKE CI	UT	University	University of Utah		N	N	Y	
WTJU-FM CHARLOTTESVI	VA	University	University of Virginia		N	N	Y	
WMRA-FM HARRISONBURG	VA	University	James Madison University Board of Visitors		N	W	Y	
WNSB-FM NORFOLK	VA	University	Norfolk State University Board of Visitors		N	W	Y	
WVTF-FM ROANOKE	VA	University	Virginia Tech Foundation, Inc.		N	V	Y	
KBCS-FM BELLEVUE	WA	University	Bellevue Community College		N	W	Y	
KAOS-FM OLYMPIA	WA	University	Evergreen State College		N	W	Y	
KWSU-AM PULLMAN	WA	University	Washington State University		N	V	Y	
KUOW-FM SEATTLE	WA	University	University of Washington		N	V	Y	
KPLU-FM TACOMA	WA	University	Pacific Lutheran University, Inc.		N	W	Y	
WLSU-FM LA CROSSE	WI	University	Board of Regents of the University of Wisconsin System		N	W	Y	
WHA -AM MADISON	WI	University	Board of Regents of the University of Wisconsin System		N	W	Y	
WUWM-FM MILWAUKEE	WI	University	Board of Regents of the University of Wisconsin System		N	W	Y	
KUWR-FM LARAMIE	WY	University	University of Wyoming		N	W	Y	
WRTU-FM SAN JUAN	PR	University	University of Puerto Rico		N	N	Y	
KZPA-AM FORT YUKON	AK	Community	Gwandak Public Broadcasting, Inc.		•	•		
KHNS-FM HAINES	AK	Community	Lynn Canal Broadcasting		•	•		
KOTZ-AM KOTZEBUE	AK	Community	Kotzebue Broadcasting, Inc		•	•		
KNSA-AM UNALAKLEET	AK	Community	Unakleet Broadcasting, Inc.		•	•		
KCHU-AM VALDEZ	AK	Community	Terminal Radio Inc.		•	•		
KAZU-FM PACIFIC GROV	CA	Community	Monterey Bay Public Broadcasting Inc.		•	•		
KAJX-FM ASPEN	CO	Community	Roaring Fork Public Radio Trans, Inc.		•	•		
KDNK-FM CARBONDALE	CO	Community	Carbondale Community Access Radio		•	•		
WDNA-FM MIAMI	FL	Community	Bascomb Memorial Broadcasting Foundation, Inc.		•	•		
WWOZ-FM NEW ORLEANS	LA	Community	The Friends of WWOZ, Inc.		•	•		
KMHA-FM NEW TOWN	ND	Community	Fort Berthold Communication Enterprise		•	•		
WVLS-FM MONTERREY	VA	Community	Pocahontas Communications Cooperative Corporation		•	•		
KCIE-FM DULCE	NM	Local Authority	Jicarilla Apache Tribe		•	•		

WLJS-FM JACKSONVILLE	AL	University	Jacksonville State University		•	•		
KSJD-FM CORTEZ	CO	University	San Juan Basin Area Vocational Technical School		•	•		
KANU-FM LAWRENCE	KS	University	University of Kansas		•	•		
KKSU-AM MANHATTAN	KS	University	Kansas State University of Agriculture and Applied Science		•	•		
WEAA-FM BALTIMORE	MD	University	Morgan State University		•	•		
WURC-FM HOLLY SPRING	MS	University	Rust College, Inc.		•	•		
KCUR-FM KANSAS CITY	MO	University	The Curators of the University of Missouri		•	•		
KGVA-FM HARLEM	MT	University	Fort Belknap College		•	•		
KUNV-FM LAS VEGAS	NV	University	Board of Regents/University and Community College Las Vegas		•	•		
KFJY-FM GRAND FORKS	ND	University	University of North Dakota		•	•		
KFJM-FM GRAND FORKS	ND	University	University of North Dakota		•	•		
KPVU-FM PRAIRIE VIEW	TX	University	Prairie View A&M University		•	•		
Total Radio Stations Reporting No Exchange/Rental (359)								

Total Television & Radio Stations Reporting No Exchange/Rental (511 or 86.1%)

Total Television & Radio Stations With No Response to Survey (27 or 4.6%)

Transactions occurring 1994 - 1999

Station Name	Proportion of Exchanges or Rentals to Political Organizations	Proportion Exchanged or Rented from Political Organizations
WHYY-TV-FM Philadelphia, PA	.5% (1)	3.0% (1)
WNET-TV New York, NY	6.8% (1)	3.3% (1)
Minnesota Public Radio, MN	.3% (1)	.6% (1)
WTTW-TV Chicago, IL	0% (1)	.3% (1)
WTVS-TV Detroit, MI	8.8% (1)	6.4% (1)
KQED-TV-FM San Francisco, CA	7.6% (1)	2.6% (1)
KCET-TV Los Angeles, CA	.4% (1)	1.8% (1)
New Jersey TV-FM Network, NJ	1.9% (1)	1.2% (1)
Vermont Public Television, VT	2.3% (2)	1-3% estimated
New Hampshire Public Television, NH	2.4% (1)	2.2% (1)
WGBH-TV-FM Boston, MA	.3% (1)	1.4% (1)
WETA-TV-FM Washington, D.C.	4.7 % (1)	2.1% (1)
Maryland Public Television, MD	2.0% (1)	4.1% (1)

(1) Percentage based on number of names.
(2) Percentage based on $US dollars spent.

Stations presented data in various formats. To make comparable, we have used proportions.

Corporation for Public Broadcasting

MAIL LIST AND PARTISAN POLITICAL ACTIVITIES REQUIREMENTS

I. Principles

A bedrock principle of public broadcasting is our support from the American people. Because we operate in the public interest, our future relies on a bond of public trust. This bond extends to millions of viewers and listeners living in hundreds of local communities of every size and description across the country.

Public broadcasting cannot afford, either in appearance or in fact, to undermine that bond.

For these reasons, effective immediately, to receive a CPB station grant, a station must certify that it meets each of following public interest standards. CPB-funded stations must:

- **Control**—maintain active control of their membership and donor lists;
- **Privacy**—respect the privacy of all subscribers and donors by offering a means by which the names may be suppressed upon request and suppress names as requested;
- **Limits on Use**—not sell, rent, lease, loan, trade, give, donate, transfer or exchange membership or donor names to, with or from any candidate for public office, committees or organizations supporting a candidate, political parties, or organizations that solicit funds for use in political campaigns for any purpose whatsoever; and
- **Record-keeping**—maintain complete and accurate records of all uses of membership and donor lists for fundraising purposes, and must furnish such records on request.

II. The Law

A. Section 396(k)(6)(B) of the Communications Act of 1934, as amended, ("the Act") provides that

"station grant funds shall be distributed to licensees and permittees of such stations in accordance with eligibility criteria (which the Corporation

shall review periodically in consultation with public radio and television licensees or permittees, or their designated representatives) that promote the public interest in public broadcasting...

B. Section 396(3)(A)(i) of the Act provides that each public telecommunications entity receiving funds shall be required:

"to keep its books, records, and accounts in such form as may be required by the Corporation;"

C. 1. Section 397(12) of the Act defines the term 'public telecommunications entity" as: "any enterprise which—"

a. "is a public broadcast station or a noncommercial telecommunications entity;"and

b. "disseminates public telecommunications services to the public."

2. Section 397(7) of the Act defines the term 'noncommercial telecommunications entity" as: "any enterprise which—"

a. "is owned and operated by a State, a political or special purpose subdivision of a State, a public agency, or a nonprofit private foundation, corporation, or association;"and

b. "Has been organized primarily for the purpose of disseminating audio or video noncommercial educational and cultural programs to the public by means other than a primary television or radio broadcast station, including but not limited to, coaxial cable, optical fiber, broadcast translators, cassettes, discs, microwave, or laser transmission through the atmosphere."

3. Section 397(14) of the Act defines the term "public telecommunications services" as "noncommercial educational and cultural radio and television programs, and related noncommercial instructional or informational material that may be transmitted by means of electronic communications.

III. Interpretations

A. The Corporation, following consultation with the national membership organizations and representatives of the station community, has determined that grantees should not engage in the exchange, rental, or sale of donor or

member names to, from or with any candidate for public office, committees or organizations supporting a candidate, political parties, or organizations that solicit funds for use in political campaigns . Such practices undermine the public trust, and are inconsistent with the public interest in public broadcasting.

B. The Corporation requires that grantees maintain complete and accurate records by which it may be assured that grantees are in compliance with all applicable laws and regulations of the Federal government, and the eligibility requirements for public telecommunications entities as established by the Corporation.

III. Compliance Requirements

A. Effect

1. All public telecommunications entities, including all station grant recipients of the Corporation for Public Broadcasting, must do the following:

   a. Annually certify to the Corporation their continued compliance with the laws and regulations of the Internal Revenue Service, and with all other applicable Federal law or regulations governing political activity and lobbying in effect at the time of certification;

   b. Not sell, rent, lease, loan, trade, give, donate, transfer or exchange their membership or donor names to, with or from any candidate for public office, committees or organizations supporting a candidate, political parties, or organizations that solicit funds for use in political campaigns for any purpose whatsoever;

   c. Maintain active control of their membership and donor lists, and take all appropriate measures to ensure against unauthorized use of such lists including requiring any third party, including but not limited to list brokers, mail-list management organizations, Friends organizations, fundraising organizations, or advertising or public relations agencies to abide by a grantee's compliance requirements; and

   d. Periodically inform members/donors of any potential for sale, rental, lease, loan, trade, gift, donation, transfer, or exchange of their names; and offer a means by which the names may be suppressed upon request; and suppress names as requested.

2. All public telecommunications entities, including all grantees of the Corporation for Public Broadcasting, must maintain complete and accurate

records of all uses of membership and donor lists for fundraising purposes, and must furnish such records on request.

B. Result of Noncompliance

1. At its discretion, CPB may disqualify grantees from eligibility to receive, in whole or in part, Station Grants or other CPB grants or awards.

IV. CPB Procedures for Compliance and Certification

A. Documentation

1. Each recipient of a CPB station grant, after reviewing the above information, should develop documentation indicating the manner of compliance with this requirement.

2. The documentation should be kept at each station and made available to CPB, upon request, to determine the fact and extent of compliance. The documentation should also be made available to auditors who may be making periodic audits of a station.

B. Certification

1. CPB will require that each recipient of a CPB station grant annually certify its continued compliance with the mail list and partisan political activities requirements. The annual certification will be part of the Certification of Eligibility form(s) which are included in the booklets sent annually to each grant recipient for the applicable CPB station grant(s).

2. All such Certification of Eligibility forms must be completed in their entirety and signed by two different individuals: (1) an authorized official of the licensee responsible for signing grants and/or contracts for the licensee who has knowledge and authority to certify that the licensee and its station meet or exceed each of the eligibility criteria listed in the Certification of Eligibility (e.g., chairman, treasurer or secretary of the board of directors, university vice president for finance, president of the school board); and (2) the chief executive officer in charge of the operation of the station (e.g., president, general manager, or station manager).

V. Other Requirements

Section 501(c)(3) --The Internal Revenue Code; Tax Exempt Organizations' Lobbying and Political Activities Accountability Act of 1987:

501(c)(3) organizations must:

"...not participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of any candidate for public office."

Section 501(c)(3) of the Internal Revenue Code prohibits charitable organizations from engaging in "political activities," including but not limited to political activities on behalf of or against a political candidate. The sale, rental, lease, loan, trade, gift, donation, transfer or exchange of membership or donor names to, from or with a candidate for public office, committees or organizations supporting a candidate, political parties, or organizations that solicit funds for use in political campaigns may constitute a political campaign contribution or a political activity.

The Internal Revenue Service may revoke the 501(c)(3) status of any organization that fails to comply with its rules, and may levy fines in the nature of excise taxes, on the organization and/or its leaders who knowingly engaged in activities in violation of its rules.

Effective date: July 28, 1999